

Title: The Importance of Teaching: Schools White Paper 2010 Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)
	IA No: DFE0002.
	Date: 24/11/2010
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure:
	Contact for enquiries: Rose Pennells

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Raising educational standards is needed to ensure the workforce in England can become more highly skilled and compete economically with the increasing number of skilled workers in other countries. This problem has been highlighted as England has slipped down international league tables which measure ability in academic subjects. There is also an attainment gap between pupils from poor and rich backgrounds: in addition to promoting equity, narrowing this gap will improve competitiveness.

Government intervention can enable and accelerate improvements in school standards, which will ensure the benefits associated with a more educated society such as lower crime, better health and more community engagement, are delivered. The Government is also providing more information on school and pupil performance to support public accountability and inform parental choice. Many of the proposals set out ways in which Government can intervene less; or take limited action to ensure the market for education operates more freely, which can deliver more effective outcomes. Other proposals intend to address the attainment gap: this is a justifiable intervention on equity grounds.

What are the policy objectives and the intended effects?

1. Workforce and Leadership – attract and retain more excellent teachers; ensure sufficient supply of high quality school leaders; give teachers and head teachers professional autonomy and responsibility to improve their own practice.
2. Improve behaviour and discipline, strengthen teachers' and head teachers' authority; improve the quality of alternative provision for pupils who are excluded.
3. Reform curriculum, assessment and qualifications so that the content of education and the standards pupils achieve are among the best in the world and increase England's economic competitiveness.
4. Support a new schools system – expand the Academies programme so that all schools can choose to benefit from Academy-style freedoms; promote innovation by inviting providers to open Free Schools; give local authorities a strong strategic role.
5. Sharpen accountability mechanisms to set out clear expectations of schools, inform and influence parents' decisions and allow everyone (including teachers, governors and the public) to benchmark schools' performance.
6. Support school improvement – give teachers and head teachers responsibility and freedom to drive improvements within individual classrooms and schools, and to lead system-wide change.
7. Move towards a more transparent and fair funding system for schools' revenue and capital costs.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

8. Please see the evidence base for further details

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?

It will be reviewed

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

Yes

Secretary of State Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Secretary of State Date: 29.11.10

Summary: Analysis and Evidence

Policy Option 1

Description:

Price Base	PV Base Year	Time Period	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised costs by 'main affected groups'

Please see evidence base for further details

Other key non-monetised costs by 'main affected groups'

Please see evidence base for further details

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups'

Please see evidence base for further details

Other key non-monetised benefits by 'main affected groups'

Please see evidence base for further details

Key assumptions/sensitivities/risks

Discount rate

- There will be implications for the costs and benefits of these proposals if economic conditions are different from those that are expected to emerge.
- Proposals which rely on the market to improve standards, such as free schools, depend on how the market responds, which is difficult to predict

Impact on admin burden (AB) (£m):			Impact on policy cost savings		In
New AB:	AB savings:	Net:	Policy cost savings:		Yes/No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England		
From what date will the policy be implemented?			Phased		
Which organisation(s) will enforce the policy?			DfE where appropriate		
What is the annual change in enforcement cost (£m)?			Not possible to quantify		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			Yes/No		
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			Costs: N/A		Benefits: N/A
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Impact guidance	Yes/No	Equality Impact Assessment published separately
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes/No	
Small firms Small Firms Impact Test guidance	Yes/No	
Environmental impacts		
Greenhouse gas assessment	Yes/No	
Wider environmental issues	Yes/No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes/No	
Human rights Human Rights Impact Test guidance	Yes/No	
Justice system Justice Impact Test guidance	Yes/No	
Rural proofing Rural Proofing Impact Test guidance	Yes/No	
Sustainable development Sustainable Development Impact Test guidance	Yes/No	

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

N o.	Legislation or publication
1	
2	
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs										
Annual recurring cost										
Total annual costs										
Transition benefits										
Annual recurring										
Total annual benefits										

* For non-monetised benefits please see summary pages and main evidence base section

White Paper economic impact assessment

Introduction	6
Workforce and Leadership	8
We will invest to support a national network of Teaching Schools	8
We will invest in targeted leadership development	9
We will legislate to reduce the number of arms-length bodies involved in recruitment, development and regulation of the schools workforce	10
We will legislate to remove unnecessary bureaucratic burdens	10
Behaviour	13
We will legislate to extend teachers' powers to issue detentions and to search pupils	13
We will legislate to protect teachers from malicious allegations	14
We will legislate to increase freedoms for pupil referral units and other alternative provision	15
Curriculum, Assessment, Qualifications	18
We will invest to support phonics teaching in primary schools	18
We will legislate to ensure that English educational standards can be compared to our international competitors	18
We will invest to support strategic curriculum subjects	18
We will legislate to delay the enforcement of Raising the Participation Age	19
School System	21
We will invest in Free Schools	22
We will legislate to allow Academies and Free Schools offering alternative provision and 16-19 education	23
We will legislate to favour Academies, Free Schools and other self-governing schools	23
We will legislate to reduce bureaucracy around school admissions procedures	23
Accountability	25
We will legislate to refocus inspection on schools' core educational purpose	25
We will legislate to allow more flexibility in school governing body recruitment	26
School Improvement	28
We will legislate to remove the duty on local authorities to provide a school improvement partner for all maintained schools	29
We will invest in an Education Endowment Fund	29
We will invest in support and challenge for the lowest performing schools	30
Funding	31
We will invest in a pupil premium	31
We will legislate to enable a National Funding Formula	32
We will abolish the Young People's Learning Agency and replace it with an Education Funding Agency	33
Post-Implementation Review	35

Introduction

1. Our aims are to reform the school system in order to raise standards for every pupil, close the gap between rich and poor, and to ensure our education system can match the best in the world. The White Paper sets out how we are falling behind in the international league table of educational performance compared to OECD countries. Lord Leitch's report described the UK as heading toward 'undistinguished mediocrity' by 2020 if we do not improve our education and skills system². OECD and Unicef studies underline that we have one of the most unequal educational systems in the world, coming near bottom out of 57 for educational equity with one of the biggest gulfs between independent and state schools of any developed nation³.
2. The drive to extend opportunity and raise standards for the most disadvantaged is motivated by social justice, but also by economic drivers to ensure that our school leavers are equipped to compete with their peers across the world. For example the productivity differential between those who achieve 5A*-C GCSEs and those who achieve anything less is estimated at almost £100,000⁴ (discounted over a lifetime). Employers regularly express concerns about the skills and knowledge of school leavers⁵. There are also benefits at a national level - under the last Government we slipped down the international league tables of school performance. The most recent PISA study in 2006 placed us 14th in science, 17th in literacy and 24th in mathematics. Raising educational standards will benefit society because individuals with higher levels of education enjoy improved outcomes in the labour market with positive spillover effects on economic growth and international competitiveness. More educated individuals tend to have better health and more secure employment, and are more likely to engage with their local community and less likely to commit crime⁶.
3. Schools – governors, head teachers and teachers – will play the most important role in raising standards and narrowing the attainment gap for disadvantaged pupils, and our overriding approach is to support and trust professionals to use their judgement, skills and experience to give every pupil the best possible education. In recent years, head teachers have found it hard to maintain their own improvement plan and pursue what is right for their pupils in the face of multiple initiatives promoting different goals, and holding schools to account for the use of 'single issue' budgets.

² Leitch Review of Skills: *Prosperity for all in the global economy - world class skills* (2006)

³ OECD – PISA 2006

⁴ For earnings: 'The productivity differential of achieving 5+ GCSEs at A*-C is around £100,000 for men and £85,000 for women (discounted over their lifetime), compared to those with anything less'. Reference: Internal DCSF analysis using LFS 2008/09 data, McIntosh, S. (2007) 'A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications.' Research Report No 834; and Jenkins, A. Greenwood, C. & Vignoles, A. (2007) 'The Returns to Qualifications in England: Updating the Evidence Base on Level 2 and Level 3 Vocational Qualifications.' Centre for the Economics of Education

⁵ CBI (2010), *Ready to Grow: business priorities for education and skills*.

⁶ DCSF (2008)

4. Many of our reforms will be achieved by reductions in centrally-driven initiatives, regulations, and administrative burdens. However there is a need for limited government intervention to enable and accelerate improvements – for example through measures to ensure a supply of high quality teachers or to establish the framework of funding and accountability within which all schools will work – including Academies and Free Schools. The Academies Act 2010 provides the legislative basis for the expansion of the Academies programme, and a number of the reforms set out in the White Paper will require legislation through the forthcoming Education Bill.
5. This paper sets out the case for Government action, and the costs and benefits of the White Paper's policies. It does not cover every policy in the White Paper, but focuses on primary legislative proposals and those policies where we have calculated the cost and/or benefit to be over £10 million per year. We will produce a detailed economic impact assessment for the forthcoming Education Bill.

Teaching and Leadership

6. Evidence about different education systems around the world shows that the most important factor in determining how well children do is the quality of teachers and teaching⁷. The best education systems in the world draw their teachers from among the top graduates and train them rigorously and effectively, focusing on classroom practice. They then make sure that teachers receive effective professional development throughout their career, with opportunities to observe and work with other teachers, and appropriate training as teachers move into leadership positions⁸.

7. So, we will:

- Continue to raise the quality of new entrants to the teaching profession by ceasing to provide Department for Education funding for initial teacher training for those graduates who do not have at least a 2:2 degree; expanding Teach First; offering financial incentives to attract more of the very best graduates in shortage subjects into teaching; and enabling more talented career changes to become teachers.
- Improve Initial Teacher Training, to increase the proportion of time trainees spend in the classroom, focusing on core teaching skills, especially in teaching reading and mathematics and in managing behaviour.
- Develop a national network of 'Teaching Schools' on the model of 'Teaching Hospitals' to lead the training and professional development of teachers and head teachers, and increase the number of National and Local Leaders of Education – head teachers of excellent schools who commit to working to support other schools.
- Sharply reduce the bureaucratic burden on schools, cutting away unnecessary duties, processes, guidance and requirements, so that schools are free to focus on doing what is right for the children and young people in their care.
- Recognise that schools have always had good pastoral systems and understand the connections between pupils' physical and mental health, their safety and their educational achievement, and that schools are well placed to make sure additional support is offered to those who need it.

8. We will invest to support a national network of Teaching Schools, to play a leading role in developing teachers' professional practice in order to raise standards and narrow gaps. These schools will act as centres of excellence in initial teacher training, professional and leadership development, and active drivers of school improvement through peer-to-

⁷ Barber, M. and Mourshed, M. (2007) *How the world's best performing school systems came out on top* McKinsey & Company.

⁸ Barber and Mourshed (2007).

peer support and school-based training. Head teachers and teachers will be able to draw on Teaching Schools' expertise to identify and broker high quality leadership development activities. Teaching Schools will support local groups of schools to identify and develop teachers with the potential to take on headship roles. We will continue to fund leadership succession planning work (via the Teaching Schools) in the areas with the biggest challenges.

9. The investment of up to £72.5 million over the Spending Review period will expand the network to up to 500 Teaching Schools which over time will give all schools access to the benefit already enjoyed by schools in London, Greater Manchester and the Black Country. Emerging findings from an NfER evaluation⁹ identified significant benefits in that teachers who took part in professional development organised by the Teaching School found it easy to transfer their experiences into their daily practice, felt that the approach raised their standard of teaching, changed the culture of school improvement and built capacity, and reinvigorated teachers. There is significant research evidence to underpin the benefits of incorporating professional development into the day-to-day activities of a school¹⁰, and the benefits of school-to-school approaches to development and improvement¹¹. This investment will support and accelerate the expansion of this type of school-based professional development to all areas.
10. We will invest in targeted leadership development, because although schools will in future take the lead to identify and develop talented teachers, we face a significant challenge in ensuring sufficient high quality head teachers in schools serving the most disadvantaged areas.
11. We will invest £10 million over three years for the expansion of Teaching Leaders, a development programme for 75 middle leaders each year, and a further £30 million¹² over three years for the expansion of Future Leaders, a development programme for 50-100 aspirant head teachers each year. Both programmes are targeted at schools in disadvantaged areas, and we know that increased provision to develop high quality leadership for schools in areas of deprivation is a direct mechanism to drive school improvement and pupil attainment¹³.
12. There are already early signs of the impact of Teaching Leaders and Future Leaders, with participants reporting a positive impact on their own leadership skills and likelihood of progression into senior roles in schools¹⁴. We can calculate a monetary benefit of investment in Teaching

⁹ NfER, Evaluation of the City Challenge Leadership Strategies: Emerging Findings on National Teaching Schools, Nov 2010

¹⁰ Pritchard, (2002); HMIE, (2009); NfER, (2008).

¹¹ Hustler et al., (2003), Bolam et al., (2003), Cordingley et al., (2005b)

¹² The cost quotes for TL and FL come from the current providers and only apply for three years, so have not been extrapolated to the usual ten year horizon

¹³ Leithwood et al, (2006)

¹⁴ Future Leaders website, accessed 23 November 2010 <http://www.future-leaders.org.uk/impact/case-studies>

Leaders and Future Leaders by considering the impact that high quality leadership has on the attainment of deprived pupils – we review the increase in attainment of affected pupils and the impact this has on their lifetime earnings. DfE estimates suggest that reaching the 5A*-C threshold at GCSE results in an average increase in lifetime earnings of £92,500 and so we can calculate the number of pupils who would need to reach the 5A*-C threshold to justify the costs. Under the chosen option for Teaching Leaders if at least 16% of the teachers who take up a Teaching Leader place improve standards at their school sufficiently for 1 additional student to achieve 5 A*-C per year then the policy will at least break even after 5 years. For Future Leaders a minimum of 119 additional students must achieve 5A* - C GCSE passes per year across all the schools affected to break even after at least five years.

13. We will legislate to reduce the number of arms-length bodies involved in recruitment, development and regulation of the schools workforce. This reflects and contributes to the reduction in Government intervention in the schools system, and will also increase democratic accountability, increase value for money by reducing costs while maintaining the essential functions as set out below.
14. Abolition of the GTCE will cost an additional £8 million in 2012-13 and we estimate that the cost to DfE of taking on the residual function to retain the regulation system will cost approximately £8 million per year. The GTCE currently costs £16.9 million per year and is largely funded by the Department subsidising teacher subscription – this cost saving will begin in 2012-13. Between 2010-11 and 2019-20 total discounted benefits are estimated to be £112 million. There will also be non-monetised benefits in reducing the time and effort for schools engaged in registration, performance management and disciplinary issues, and a reduction in time and effort for teachers who will no longer need to register with the GTCE and regularly update their registration information.
15. Transferring the TDA's functions to the Department for Education, where they will be exercised by an executive agency, will cost approximately £2.4 million to cover redundancy payments for staff in TDA corporate functions. There will be monetised benefits of approximately £2.6 million per year through rationalisation of staffing, abolishing the TDA board and bringing senior staff salaries in line with the Department's pay scales. We will minimise the risks around transferring responsibilities by confirming which functions are to be transferred to the agency by December 2010 and working closely with TDA to establish a plan for what will happen to all current functions.
16. We will legislate to remove unnecessary bureaucratic burdens on teachers and head teachers. This will reduce the burdens placed on schools by legislation and guidance, reducing prescription and giving head teachers and teachers more freedom to use their professional judgement. Evidence tells us that school and sixth form college leaders, teachers and governors feel the cumulative burden of having to comply with prescriptive statutory

requirements, which restrict their freedom to teach in the way that is best for their pupils and lead to excessive workloads¹⁵.

17. The impact on individual schools will vary significantly depending on each school's decisions about whether it will continue to take action in these areas. We estimate that removing the duty to consult on changes to the school day and removing the duty to cooperate through Children's Trusts will be time and cost neutral because removing the requirements is unlikely to change schools' behaviour. Removing the duty to publish a school profile will lead to time savings of around £2 million per year, and on the requirement to publish a prospectus, we anticipate that this will break even over the ten years, as schools will still be required to publish a minimum amount of information online and the costs of setting up and maintaining a website will be offset by a reduction in the quantity of prospectuses printed.
18. There will be negligible costs to administer and communicate the removal of these duties and burdens. There is a risk for each of the requirements removed, that schools may stop carrying out activities which Government regards as a priority, and/or that the intended beneficiaries of the legislative requirement will lose out. However, we will continue to hold schools robustly to account for their core educational purpose through performance tables and Ofsted inspection. This accountability, combined with pressure and influence from parents and teachers and head teachers' own professional commitment to pupils' wellbeing will significantly mitigate the risk.
19. We have not included an assessment of the impact of changes to initial teacher training because it does not require legislation and falls below our cost threshold. The reforms to higher education and student finance announced by the Department for Business, Innovation and Skills are likely to mean significant change for higher education and student finance, and so early in the New Year we will publish more detailed proposals about the future funding of initial teacher training for consultation.
20. We have not conducted a full impact assessment for the NCSL converting to an executive agency because this is non-statutory and will not involve any significant changes to costs/benefits of the NCSL role.
21. We have not included an assessment of the impact of changes to teachers' pay and conditions, or to performance management because these will be subject to the normal STRB review processes. We have not conducted a full impact assessment of the abolition of the School Support

¹⁵ Evidence base: NASUWT Workload Audit (2008 and 2009); Merits Committee Report (2009); IRU Review of Obstacles (2009); Better Regulations Executive: 'Regulation – Less is More. Reducing Burdens, Improving outcomes' (2010); Operational Efficiency Programme (Treasury, 2009), New Relationship with School: Next Steps (2005); 'Understanding the reasons why schools do or do not engage with the ECM/ES programme'(2009); 'Better Regulation: Simplification Plans'; The Capability Review Programme, IRU annual reports (2003-2008), House of Commons Children, Schools and Families Select Committee report on accountability 07/01/2010.

Staff Negotiating Body (SSSNB) because we have no evidence to underpin assumptions about what the SSSNB's impact might have been, given that since its establishment, the SSSNB has not implemented any initiatives to change the way that the pay of support staff is decided.

Behaviour

22. The behaviour of pupils is consistently the greatest concern of new teachers and two-thirds of teachers say that negative behaviour is driving people out of the teaching profession¹⁶. Many teachers have suffered false allegations. We know that a minority of pupils can cause serious disruption in the classroom and misery for other pupils by bullying them. It is vital that we restore the authority of teachers and head teachers – something that the vast majority of parents and pupils as well as teachers want.

23. So, we will:

- Increase the authority of teachers to discipline pupils by strengthening their powers to search pupils, issue same-day detentions and where use reasonable force where necessary.
- Strengthen head teachers' authority to maintain discipline beyond the school gates, improve exclusion processes and empower head teachers to take a strong stand against bullying, especially racist, homophobic and other prejudice-based bullying.
- Change the current system of independent appeals panels for exclusions, so that head teachers no longer have to worry that a pupil will be reinstated when the young person concerned committed a serious offence.
- Trial a new approach to permanent exclusions, where schools have new responsibilities for the ongoing education and care of excluded children.
- Improve the quality of alternative provision, encouraging new providers to set up alternative provision Free Schools.
- Protect teachers from malicious allegations – speeding up investigations and legislating to introduce reporting restrictions that prevent a teacher's identity being revealed until the point at which they are charged with a criminal offence
- Focus Ofsted inspection more strongly on behaviour, including bullying, as one of four key areas of inspections.

24. We will legislate to extend teachers' powers to issue detentions and to search pupils so that teachers are better able to address disruptive behaviour and to improve the safety of pupils and staff. Teachers will be able to search for any item which may cause disorder or pose a safety threat, so that they can prevent and deal with disruption in class. Teachers will no longer be required to give 24 hours notice of detention – same-day detentions make the punishment more immediate, which will help to

¹⁶ S Freedman, B Lipson and Prof D Hargreaves (2008), *More Good Teachers*, Policy Exchange.

address disruptive behaviour early and reduce the risk of escalation and exclusion. We will also issue a short, clear and robust guide on teachers' powers to use reasonable force and will legislate to give schools greater discretion to decide on the most appropriate approach to monitoring the exercise of these powers.

25. The cost and benefit to schools will depend on how (and how often) teachers use the powers. Used effectively, these powers will reduce disruptive behaviour which will benefit pupils whose learning would otherwise have been disrupted – a recent survey of teachers and head teachers found that in primary schools, 30 minutes of teaching time per teacher was lost each day because of pupil behaviour, and this rose to 50 minutes per teacher each day in secondary schools¹⁷. Improved behaviour will also benefit teachers and schools by reducing teachers' stress levels, and improving teacher retention and job satisfaction¹⁸.
26. There is a risk that no-notice detention could impose costs on pupils and families if they have to arrange alternative transport, or if the pupils care for younger children or other family members. Teachers will use their professional judgement to decide whether to issue no-notice detention, and we will expect them to take into account each child's circumstances.
27. We will legislate to protect teachers from malicious allegations - we will legislate to introduce reporting restrictions that prevent a teacher's identity being revealed until the point at which they are charged with a criminal offence. This should reduce the number of cases of a teacher being associated with malicious or unfounded allegations in the press. Teachers will benefit as they may avoid the negative impacts that these allegations bring to their private and professional lives. The policy should make teaching a more attractive profession, reinforce teachers' authority to ensure discipline in the classroom and give them the powers they need to deal with misbehaviour by pupils. This will benefit pupils, the school system and teachers.
28. There should be no added burdens or costs placed on the school system as a result of this measure. There may be costs to the press as they might be unable to publish stories that they would otherwise have done. Similarly, children and parents who are linked with a teacher who is subject of an allegation will not be able to voice their views in the press until the teacher is charged with a criminal offence or dismissed.
29. We will legislate to reform the exclusion appeals process to reduce the adversarial nature of the appeal process and to reduce the risk that reinstatement of an excluded pupil can undermine a head teacher's authority. We will continue to ensure an independent review of decision-making, but the review will not be able to compel reinstatement. If the review panel judges that there were flaws in the exclusion process then

¹⁷ NASUWT, (2010)

¹⁸ Ashby et al, (2008); YouGov, (2007)

schools may be required to contribute towards the cost of additional support for the excluded pupil.

30. There will be minimal administrative costs associated with moving from independent appeals panels to independent review panels. There will be some costs to schools which are required to contribute toward the cost of additional support for the excluded pupil – but these costs will not affect schools which exclude pupils fairly and robustly. There is a risk that this might lead to an increase in exclusions and therefore increased costs of alternative provision. Additionally, there may be an increase in parental complaints which would increase costs for schools and the Department. However, the classmates of pupils excluded will benefit significantly from higher attainment as a result of reduced classroom disruption¹⁹ and those pupils who are excluded will benefit from higher attainment as a result of being taught in an appropriate environment, and the White Paper sets out measure to improve the quality of alternative provision.
31. We will legislate to increase freedoms for pupil referral units and other alternative provision. This policy aims to meet demand for good quality alternative provision, by freeing up the alternative provision market. We will ensure easier entry for the voluntary and private sectors and drive down costs through competition, joint models of provision, and more stable commissioning. We will give management committees more control over finances and staffing and allow them to apply for Academy status in order to improve PRU provision. We will improve the overall quality of AP through self regulation and will allow providers to set up Free Schools. Together these changes should result in an improvement in the standard of provision which is offered to pupils, resulting in higher pupil achievement. We will use regulations to make all pupil referral units more similar in model to community schools and/or primary legislation to allow pupil referral units to convert to Academy status. This would mean that all pupil referral units gain greater control over their staffing and funding arrangements and become a separate legal entity from the local authority.
32. This would require very limited administrative costs to introduce additional freedoms, and there is strong evidence of the link between increased autonomy in staffing and financial management and higher standards for pupils²⁰ : for example PISA 2006 found that increased autonomy in school budgeting was related to higher performance in science (15-year-old pupils scored 25.7 points higher)²¹. Improving alternative provision has the potential to mean that pupils are ready to return to mainstream education more quickly, with a lower chance of being excluded again – this will improve outcomes for students and save money (we have calculated that

¹⁹ NASUWT (2010), OECD (2009), Elliot et al. (2001), Elliot et al. (1999), Bru (2009), David (2010)

²⁰ Wößmann and Fuchs, 2004; Wößmann, 2003

²¹ OECD, 2007

the annual cost of educating a pupil in a PRU is approximately £7,000 more than in a mainstream school)²².

33. Proposals to allow pupil referral units and other alternative provision to adopt Academy and Free School status are assessed at paragraph 54, and the impact of changes to school inspection is assessed at paragraph 61.
34. We have not included an assessment of the impact of reforms to head teachers' power to ensure discipline beyond the school gates, or changes to bullying policy because these changes are non-statutory and fall below our cost threshold. We have not included an assessment of the impact of the new approach to exclusions, where schools retain responsibility for the education and attainment of any excluded pupils because we will use the pilot to assess this.

²² DCSF, 2008

Curriculum, Assessment, Qualifications

35. Raising the status of teachers and teaching and giving them renewed freedom and authority will make a significant contribution to improving schools. However, the best performing education systems also set clear expectations for what children must know and be able to do at each stage in their education and make sure that the standards they set match the best in the world. Our system of curriculum, assessment and qualifications gives us the ability to do that in this country, but at present the National Curriculum includes too much that is not essential knowledge, and too much prescription about how to teach. Unlike the best curricula globally, it does not create a coherent programme through which education can progress logically; and neither the National Curriculum nor our qualifications system has been systematically benchmarked against the rest of the world. Meanwhile, our system of assessment has been bedevilled by controversy.

36. So, we will:

- Review the National Curriculum with the aim of reducing prescription and allowing schools to decide how to teach, while refocusing on the core subject knowledge that every child and young person should gain at each stage of their education.
- Ensure that there is support available to every school for the teaching of systematic synthetic phonics, as the best method for teaching reading.
- Ensure that there is proper assessment of pupils at each vital transitional stage of their education, to provide information to parents about how well their child has done and about the effectiveness of schools, and objective evidence for teachers: at age 6, a simple test of pupils' ability to decode words; at 11, as pupils complete primary education; and at 16 as pupils complete compulsory schooling.
- Introduce the English Baccalaureate to encourage schools to offer a broad set of academic subjects to age 16, whether or not students then go down an academic or vocational route.
- Hold an independent review of testing at the end of primary school, seeking to retain a strong basis for accountability and information to parents and secondary schools, while alleviating the damaging effects of over-rehearsal of tests.
- Give the independent regulator, Ofqual, the task of making sure that exam standards in this country match the highest standards overseas.
- Reform vocational education so that it supports progression to further and higher education and employment, and overhaul our vocational qualifications following Professor Alison Wolf's review to ensure that they match the world's best.

37. We will invest to support phonics teaching in primary schools, to increase significantly the number of children who develop secure reading skills as early as possible in their education. The potential cost to Government of match-funding phonics products and training would be up to a maximum of £50.7 million if the 16,900 primary schools with children in Key Stage 1 sought resources at the maximum level of £3,000. We would propose to fund half of the eligible schools in each of the two years 2011-12 and 2012-13.
38. There is considerable evidence to support the effectiveness of systematic synthetic phonics in improving children's reading ability, including through randomised controlled trials which found a statistically significant positive effect²³ as well as a seven year longitudinal study which found a 'major and long lasting effect' on children's reading and spelling²⁴.
39. We will legislate to ensure that English educational standards can be compared to our international competitors. Accurate and timely information will lead to significant benefits because the challenge facing our education system is not merely to improve year on year, but to keep pace with the best education systems in the world. This data will enable us to assess our school system's performance against the best in the world, to continue to improve performance and ensure our pupils are best-placed to compete in the international economy.
- a. We will legislate to require schools to take part in international tests such as PISA, TIMMS and PIRLS when they are selected as part of the sample. This will ensure that we secure a robust sample for each test, and will also ensure that incentive payments to participating schools are not wasted due to invalidated survey results. Legislation will impose additional burdens on schools which are selected as part of the sample and might previously have decided not to take part, and so we will continue to pay schools to off-set the additional costs.
 - b. We will legislate to change the remit of Ofqual to ensure that when considering the quality of qualifications, Ofqual takes into account international comparisons as well as historical performance, and we will legislate to strengthen Ofqual's governance by establishing the Chief Executive as the Chief Regulator so that there is a single figurehead within Ofqual who can act as the guardian of qualification and examination standards. These changes will require negligible administrative costs within Ofqual.
40. We will invest to support strategic curriculum subjects which are in the national interest. The Department for Education currently funds a large number of separate school subject-related programmes. Whilst many of these programmes have had a positive impact, the overall pattern of

²³ Togerson and Brooks, 2005

²⁴ Johnston and Watson, 2005

support has been piecemeal and reactive and so we will take a more strategic and focussed approach.

41. We will invest up to £135 million in science, technology, engineering and mathematics (STEM subjects) through the Spending Review period in order to increase the national stock of specialist teachers in physics, chemistry and mathematics teachers, improve the subject and specialist teaching skills of existing teachers and support for schools in offering specific demanding or at-risk curriculum options. Ensuring an increased supply of young people with higher-level qualifications in STEM subjects will benefit our national economy - the UK has a greater proportion of value-added arising from knowledge-intensive services than any other major OECD economy²⁵ but over half of employers predict problems finding staff with STEM skills over the next three years. It will also benefit individuals because the 2010 CBI/EDI survey shows that STEM graduates are in high demand and are more employable²⁶.
42. We will legislate to delay the enforcement of raising the participation age, in order to allow more time for the education system to embed the raising of the participation age. The costs and benefits of raising the participation age are already highlighted in the impact assessment for the 2008 Education and Skills Act and estimated a net benefit of £1.6 billion. This legislation will ensure that enforcement powers are not used inappropriately, and will allow schools, colleges and local authorities to develop ways to implement the change with minimal need for enforcement.
43. All of the costs incurred are due to forgone lifetime earnings for a small group of young people not now expected to participate in 2016/17 because the higher participation age is not enforced. We estimate that the total cost in terms of lost life time earnings associated with this to be £60 million in present value terms. In addition to this, for those who would remain being Not in Employment, Education or Training (NEET) at ages 16-18 may be at risk of a range of negative non-educational outcomes, including a range of social and health-related outcomes (e.g. depression, obesity, take-up of preventative healthcare).
44. Total monetary benefits of £43 million occur because of cost savings to the government. The largest of these is the cost saving from no longer needing to provide post 16 education places for the young people who now choose not to participate. Local authorities and the legal system (including the Ministry of Justice) also experience a cost saving, from not administering enforcement measures against young people. In addition to this, young people and parents will benefit from not being at risk of being subject to inappropriate enforcement actions.
45. The best estimate of the net cost of this proposal is £17 million in 2016/17, i.e. around 1 per cent of the overall net benefit of raising the participation

²⁵ CBI: *SET for Growth* (2010)

²⁶ CBI/EDI, (2010)

age. This estimate is highly sensitive to our assumptions regarding the number of young people who would have been subject to enforcement measures and the number who do not participate without the threat of enforcement. It also depends on our assumptions regarding what these individuals would have studied and achieved and what we think their marginal returns to learning are.

46. We have not included an assessment of the impact of any reforms to the National Curriculum, to vocational education or to key stage two assessment because these are subject to review in order to establish future direction; we have not included an assessment of the impact of new optional tests at age 14 because these are optional, or of the age six reading check because this does not require legislation and falls below the cost threshold.

New Schools System

47. Across the world, the case for the benefits of school autonomy has been established beyond doubt: in a school system with good quality teachers and clearly established standards, devolving as much decision-making to school level as possible ensures that decisions are being made by the professionals best able to make good choices for the children and young people in their care. In this country, schools' ability to make decisions has been severely constrained by Government guidance and field forces; and while Academies and (former) CTCs have taken advantage of their greater freedoms to innovate and raise standards, these freedoms too have been curtailed in recent years. Meanwhile, it has been virtually impossible to establish a new state-funded school without local authority support, despite convincing international evidence of the galvanising effect on the whole school system of allowing new entrants in areas where parents are dissatisfied with what is available.

48. So, we will:

- Increase freedom and autonomy for all schools, removing unnecessary duties and burdens, and allowing all schools to choose for themselves how best to develop.
- Restore for all Academies the freedoms they originally had while continuing to ensure a level playing field on admissions particularly in relation to children with Special Educational Needs.
- Ensure that the lowest performing schools, attaining poorly and in Ofsted category or not improving, are considered for conversion to become Academies to effect educational transformation.
- Dramatically extend the Academies programme, continuing to open it up to more schools: already there are 347 Academies, up from 203 in July.
- Ensure that there is support for schools increasingly to collaborate through Academy chains and multi-school trusts and federations.
- Support teachers and parents to set up new Free Schools to meet parental demand, especially in areas of deprivation.
- Give local authorities a strong strategic role as champions for parents, families and vulnerable pupils. They will promote educational excellence by ensuring a good supply of high quality school places, coordinating fair admissions and developing their own school improvement strategies to support local schools.

49. More parental choice can increase standards by encouraging competition among schools. Increasing parental choice and linking school finance to individual pupils creates a direct incentive for schools: unpopular schools lose pupils and money, while popular schools gain pupils and additional funding. Schools must adapt to increase standards and meet parental

demands or fail. Schools compete across a range of factors such as attainment, location, ethos and facilities, which parents evaluate against their priorities and compare to the costs of sending the child to any given school.

50. A choice-based system puts schools in competition with others, based on the characteristics valued by parents. The potential impact of increased choice and competition on school behaviour can be grouped into three broad areas²⁷:

- a. An increase in productive efficiency – schools will work to improve academic outcomes which benefit the individual as well as improving all of the non-academic outcomes that parents value when selecting a school (such as behaviour, ethos and happiness of their child). There are social benefits from increased educational standards such as increased wealth, health and happiness. Stronger accountability (through Ofsted, performance tables and transparency of data) will help to promote these improvements.
- b. An increase in stratification – there is a risk that parents select schools based on peer groups, where schools compete to attract particular groups of pupils, or where barriers to choice result in segregation. A strong and effective Admissions Code will help to reduce this risk, and the Pupil Premium will give schools an incentive to attract and admit disadvantaged pupils.
- c. An increase in diversity – schools may choose to develop areas of expertise and/or distinct characters to make themselves stand out from other schools in order to attract pupils and parents.

51. We will invest in Free Schools in order to strengthen the schools market by making it easier for new providers (including charities, parent and teacher groups) to open schools. Encouraging more schools will increase choice and competition which promotes higher standards and greater efficiency.

52. There are significant non-monetised benefits. Free Schools will be set up in response to local need, resulting in a greater choice for young people and parents, including responding to the needs of local groups that may have been poorly served by existing provision. Choice has an intrinsic value, and enabling greater choice and competition has the potential to drive up educational standards for young people across all schools²⁸. Free schools will have greater autonomy than local authority maintained schools; aspects of autonomy have been shown to increase standards and improve teacher performance and recruitment²⁹. The Free Schools policy provides an opportunity for private and voluntary providers, including parent groups and teachers, to become involved in the establishment of

²⁷ Adnett and Davies, ch8, 2002

²⁸ Hoxby, 2001; Bradley, Johnes and Millington, 2001; Levačić, 2001

²⁹ OECD, 2007; Wößmann, 2003

educational provision. Increasing the scope for innovative educational practice will strengthen the schools market, and provide greater diversity and choice.

53. In steady state, Free Schools will be funded on the same basis as other schools and Academies for ongoing pupil costs, and for ongoing maintenance, minor repairs and more expensive repair and refurbishment. Free Schools will incur some start-up costs, although the costs would arise in any case if a new Free School is established to respond to a local shortage of places. There may be lower running costs if Free Schools rent their premises, but these may be offset by the diseconomies of scale associated with small schools. A degree of surplus places is necessary in encouraging choice and competition between schools and this will provide some benefit where standards are increased, but there is also a cost to providing surplus places which should be noted.
54. We will legislate to allow Academies and Free Schools offering alternative provision and 16-19 education in order to remove restrictions to market entry, and to extend the opportunity to take on Academy-style freedoms to a wider range of educational provision. The likely costs and benefits are similar to Free Schools, although we expect significant additional benefits in some cases where a new provider offering alternative provision or 16-19 education fills a gap in the local market in terms of quality or nature of provision and enables more young people to fulfil their potential. The number of new schools offering alternative provision or 16-19 education will depend on local demand and proposals from schools, charities and others, which we cannot yet quantify or predict.
55. We will legislate to favour Academies, Free Schools and other self-governing schools where new provision is needed. The current competitions and exemptions regime is lengthy and unwieldy - changes to the process for establishing a new school will encourage local authorities to encourage competition, and will decrease barriers to entry for Academies and Free Schools, while also reducing bureaucracy and allowing for LAs to provide community schools in those cases where other options have been exhausted. This intervention will enhance the role of competition in school markets and decrease barriers to entry, enabling new providers to enter the system to increase parental choice, improve efficiency and drive up standards. It will also streamline processes, resulting in less bureaucracy for both LAs and potential school providers.
56. Changes to the school competition process should be at least cost neutral and may lead to considerable administrative savings for LAs in some cases. The changes to the exemption from competition process will result in administrative savings for both LAs and the Department.
57. We will legislate to reduce bureaucracy around school admissions procedures and reform the statutory Admissions Code to simplify the content while protecting fair access for parents and pupils. Changes to the Admissions Code will be subject to a full consultation and impact assessment in 2011. We will remove the requirement for local authorities

to organise an admissions forum, so that local authorities are free to decide the best way to consult local parents; we will clarify the powers of the schools adjudicator to focus on specific complaints about an admissions policy. These provisions will produce a small cost saving for schools and for the Office of the Schools Adjudicator, but it would be disproportionate to do a full Impact Assessment.

58. We have not included an assessment of the impact of expanding the Academies programme to all schools, because this was covered in the Impact Assessment for the Academies Act 2010. We have not included an assessment of the impact of giving Academies their original freedoms because this is non-statutory and falls below our cost threshold.

Accountability

59. Alongside school autonomy, accountability for student performance is the feature most strongly associated with good student progress in international surveys. It is vital that schools should feel accountable to parents for how well their pupils do, and for their use of taxpayers' money. Clear performance information and good comparative data are positive features of our system, but to far too great an extent, schools feel accountable to government for how well they do, rather than to their local community. Existing measures of performance encourage 'gaming' behaviour – with primary schools over-rehearsing tests and secondary schools changing the curriculum to embrace qualifications which can be achieved by 'borderline' students and count heavily in performance tables.

60. So, we will:

- Put more information into the public domain, so that it is possible to understand a school's performance more fully than now.
- Place information on expenditure, including the amount allocated per pupil, online.
- Reform performance tables so that they set out our high expectations – every pupil should have a broad education (the English Baccalaureate, a firm grip of the basics and be making progress.
- Reform Ofsted inspection; so that inspectors spend more time in the classroom and focus on key issues of educational effectiveness, rather than the long list of issues they are currently required to consider.
- Establish a new 'floor standard' for primary and secondary schools, which sets an escalating minimum expectation for attainment.
- Make it easier for schools to adopt models of governance which work for them – including smaller, more focused governing bodies, which clearly hold the school to account for children's progress.

61. We will legislate to refocus inspection on schools' core educational purpose, to free outstanding schools from routine inspection, and to allow Ofsted to charge schools which ask to be inspected outside the normal cycle.

62. Refocusing the Ofsted inspection framework on 4 key areas is not intended to save time or money for schools or Ofsted because inspections will be just as long. However, if the refocused inspection framework encourages schools to focus on the aspects of their performance which are most important for attainment then pupils may achieve more. There is evidence that inspection can support and promote significant improvements in school performance³⁰. The administrative cost of

³⁰ Matthews and Sammons, (2004); NFER, (2009)

introducing a new framework is limited – it will cost around £60,000 to redevelop the Ofsted risk-assessment process.

63. Introducing an exemption for outstanding schools from routine inspection will save money for schools, Ofsted and the Department. We envisage that exemption from routine inspection will save outstanding schools a small amount of time. Ofsted's risk assessment process will identify outstanding schools where there might be concerns (eg if standards appear to be slipping) in order to reduce the risk that school performance dips unnoticed. If we exempt only outstanding primary and secondary schools (and include the costs of inspecting a proportion of outstanding schools which might be identified as concerns through the risk assessment) we have calculated a discounted benefit of around £40 million over 10 years; this would be significantly increased if we are able to exempt all outstanding schools including nurseries, special schools and pupil referral units.
64. We will legislate to allow more flexibility in school governing body recruitment, by removing the requirement to appoint school governors to represent different stakeholder groups and allowing schools – if they wish to – to adopt smaller governing bodies with appointments focussed on skills. This will give all schools the opportunity to make use of the same flexibility as currently enjoyed by Academies, reflecting the evidence that the governance of Academies is generally good with evidence of a high level of expertise and the critical strength of ongoing support from governors³¹. Interim Executive Boards are a means for local authorities to replace a governing body with a small group of people with identified expertise and leadership ability – there is significant evidence that this model is effective in promoting rapid improvement in schools facing the most challenging circumstances³².
65. We expect that every school will need to review and reconstitute their governing body, which could take 4-5 hours for each school's governing body. School governors serve as volunteers, and so the time taken to review each school's governing body has an estimated notional cost of around £750-£1000. If this change results in smaller governing bodies then there will be a nominal saving as fewer individuals will be volunteering in this way. There is strong evidence to suggest significant benefits to schools from sharper and more focussed school governance because an effective 'critical friendship' has a positive impact on school improvement³³ and because governors can offer a range of management skills which head teachers find valuable³⁴ and which support the school to raise standards for pupils and improve value for money through better financial and personnel management.

³¹ PwC, (2008)

³² DCSF (2008)

³³ Farrell et al, (2005)

³⁴ Industry in Education, (1997)

66. We have not included an assessment of the impact of allowing Ofsted to charge if a school requests inspection because this does not impose significant costs of the public sector or costs/cost-savings on the private and voluntary sectors and so does not require impact assessment. We have not included an assessment of the impact of changes to performance tables or increased transparency because these are non-statutory and fall below our cost threshold.

School Improvement

67. Over recent years, centralised approaches to improving schools have become the norm. Government has tended to lead, organise and systematise improvement activity: target setting led from Government, improvement initiatives focused on particular issues, extensive use of ring-fenced or targeted grants and large numbers of field forces. We think that it would be wrong in principle, ineffective and ultimately self-defeating to continue with this approach. We believe that if Government is forever directing the focus of improvement activity, it will inevitably be unable to respond effectively to the wide variety of circumstances which schools are in, and reduce the capacity of the system to improve itself. Instead, we need to place responsibility for improvement where it belongs – with schools themselves – and support the school system to become more effectively self-improving. That does not mean that Government should never intervene: where schools are seriously failing, or where known best practice is not being adopted appropriately, it is right to step in to secure for children the quality of education that they need.

68. So, we will:

- Make clear that schools – governors, heads and teachers – have responsibility for improvement. We will end the requirement for every school to have a local authority school improvement partner (SIP) and end the current centralised target-setting process.
- Instead, increase the number of National and Local Leaders of Education – heads of excellent schools committed to supporting other schools – and develop National Teaching Schools to make sure that every school has access to highly effective professional development support.
- Make it easier for schools to learn from one another, through publishing ‘families of schools’ data for every part of the country, setting out in detail how similar schools in a region perform, so that schools can identify others from whom it is possible to learn.
- Make it easier for schools to find improvement support meeting their needs through creating a national online directory of high-quality materials and improvement services, from which schools can draw if they choose to do so.
- Free local authorities to provide whatever forms of improvement support they choose.
- Ensure that schools below the floor standard receive support, and ensure that those which are seriously failing or unable to improve their results, are transformed through conversion to Academy status.
- Encourage local authorities and schools to bring forward applications to the new Education Endowment Fund for funding for innovative projects to raise the attainment of deprived children in

underperforming schools.

- Establish a new collaboration incentive, which financially rewards schools which effectively support weaker schools and demonstrably improve their performance.

69. We will legislate to remove the duty on local authorities to provide a school improvement partner for all maintained schools in order to remove central prescription and to increase value for money by replacing universal provision of mixed quality with more targeted support for underperforming schools and allowing all other schools to identify their own priorities for improvement, and to develop and implement their own improvement plans.

70. This change will reduce Government intervention and prescription. Discounted cost savings are estimated to be £258m over 10 years which DfE would otherwise provide to local authorities to pay for school improvement partners' time, for training them and for brokering links with schools, and may generate further cost savings for local authorities which have supplemented central funding with their own resources. It could also save time for schools although we know that head teachers and teachers will continue to invest time in self-evaluation and improvement-planning as part of their own work.

71. Some schools (and some governing bodies) may want additional external audit/review to replace the SIP role – in some cases head teachers might play this role for each other as peers, but other schools might choose to pay for external review. The data to quantify this cost are not available, because it is so dependent on an individual school's decisions. A related and important benefit will be that if a school chooses to seek external review, the school will be able to define what support is needed, and will have direct control over the quality

72. There is a small risk that some schools' performance may begin to decline – however research shows that there is a strong and effective culture of school development planning across the schools system³⁵, and this risk is further reduced by increased public transparency of school performance data, and by targeted intervention in schools which fail to meet minimum standards.

73. We will invest in an Education Endowment Fund to raise standards in underperforming schools and build capacity in the system. The EEF will distribute money to local authorities, academy sponsors, charities and other groups that bring forward innovative proposals to improve performance in our most challenging schools, including clearly demonstrating how they will be held accountable for the success of their proposals.

74. We will invest £110 million this year to establish the Fund which will be distributed to support projects over ten years. The Fund will be

³⁵ Creemers (2005)

administered by an external body that would be expected to lever in additional funding and expertise. We will evaluate effectiveness and impact on an ongoing basis – including looking for emerging good practice which could be shared more widely.

75. A break-even analysis shows that the cost of the fund would be justified if around 50 FSM children increased their attainment in 2011-12 to achieve 5A*-C at GCSE. This analysis assumes that the research projects target particular cohorts of children, but does not allow for cumulative impact across cohorts. Where an activity is found to benefit for the whole school or is an investment in human or physical capital, it is likely the benefit will apply to multiple cohorts of pupils and not just fade after one year, offering bigger benefits than these calculations suggest.
76. We will invest in support and challenge for the lowest performing schools – i.e. those with low standards and low rates of pupil progress. The policy approach is based on the National Challenge and City Challenge experience of support for schools facing significant challenges, which had significant success in reducing the number of schools below previous floor targets. The new approach is lower cost and focuses investment on the areas which experience showed to make most difference in schools facing the biggest challenges – expert professional support in identifying the school's key issues and priorities for improvement; and tailored support to reflect each school's priorities and build long-term capacity.
77. We will invest up to £72.5 million each year to support around 2000 primary and secondary schools which fall below the new minimum standards, and expect significant benefit in terms of the schools' performance and the attainment of pupils who attend those schools. Department for Education analysis shows that schools which were part of National and City Challenge support improved significantly faster than the national average. Following the 2009 GCSE results, the number of secondary schools below the National Challenge benchmark fell to 247 – a significant improvement on 439 schools below the benchmark the previous year.
78. We have not included an assessment of the impact of 'families of schools' data because this is non-statutory and falls below our cost threshold.
79. Extending the Secretary of State's power to intervene and close schools in 'notice to improve' does not require an Impact Assessment as it is not expected to impose any significant costs on the public sector, or any costs or cost-savings on the private or voluntary sectors. The changes do not affect the number of underperforming schools that will be converted into Academies, but ensure that the Department is able to target the most appropriate schools.

Funding

80. Over recent years, more money has gone into schools overall, but its distribution has become increasingly unfair. At present, one school may receive over 50% more funding than a similar school with comparable intake. At the same time, only around 70% of the money that is intended by Government for the most deprived pupils is actually allocated to schools on that basis³⁶. And the funding system has become increasingly opaque and unresponsive, with the money that schools receive depending more on history than on the current composition of their pupil body. The protection of school budgets in the recent Spending Review, which sees real terms growth in school funding at a time when cutting the budget deficit is an urgent national priority, does not mean that there is no need for efficiencies to be made, but is a major investment in the future of the country. It is vital that we now ensure that this money is distributed fairly and spent wisely. And with more limited capital resources, it is equally important that money is allocated more efficiently and less wastefully.

81. So, we will:

- Target more resources on the most deprived pupils over the next four years, through a new Pupil Premium. In total we will be spending £2.5 billion per year on the Pupil Premium by the end of the Spending Review period.
- Consult on developing and introducing a clear, transparent and fairer national funding formula based on the needs of pupils, to work alongside the Pupil Premium.
- In the meantime, increase the transparency of the current funding system by showing both how much money schools receive and on what they spend their funds.
- End the disparity in funding for 16-18 year olds, so that schools and colleges are funded at the same levels as one another.
- Take forward the conclusions of the review of capital spending, cutting bureaucracy from the process of allocating capital funding and securing significantly better value for money.

82. We will invest in a Pupil Premium, to provide additional funding specifically linked to disadvantaged pupils so that schools are able to develop effective strategies to raise the attainment of disadvantaged pupils. We know that the current funding system does not effectively target additional funds towards disadvantaged pupils – some local authorities are not aware that they receive funding specifically to support disadvantaged pupils' attainment and so do not accurately or consistently target the funding to schools serving disadvantaged pupils.

³⁶ Local Authority Section 251 budget returns 2010/11

83. The Pupil Premium will be introduced from September 2011, and will be worth £2.5 billion by 2014-15, amounting to £5 billion total over the next four years. We do not expect any additional administration costs for local authorities as the premium will be calculated centrally and so local authorities will pass on funding directly to schools as part of existing funding arrangements. There may be small additional costs for schools in accounting for how they spend the Pupil Premium, as we will expect every school to set out how the premium is spent on the school website.
84. We expect that disadvantaged pupils will benefit significantly from the premium – the relationship between funding and attainment is not direct, but funding can pay for activities that are effective in improving attainment. For example if schools use the funding to pay for catch-up support for disadvantaged pupils, there is strong evidence that one-to-one tuition and similar programmes³⁷ can have a significant impact on standards, and we will help schools to choose the most effective way to spend the premium, by making research and evidence of effective practice easily available.
85. We will legislate to enable a future move towards a National Funding Formula over the longer term, because the budget levels created by the current system of school funding are too dependent on historic spending decisions, and not sufficiently reactive to changes in local need. It is unfair that funding for similar children in similar circumstances can be significantly different in different schools and local authorities – research found that similar secondary schools faced a variation in funding per pupil from just below £4,000 to well over £5,500³⁸. The current system is opaque in that decisions made at a national level do not easily translate into the funding levels for individual children or schools. With the introduction of Free Schools and the expansion of the Academies programme, it is desirable to have a single transparent funding system for all schools so that they are funded on the same basis.
86. In order to ensure any move to a new national funding formula is fair, transparent and managed carefully we will consult on the merits of moving to such a formula; the right time to begin the transition to a formula; the transitional arrangements necessary to ensure that schools and local authorities do not suffer undue turbulence; and the factors to take into account in order to assess the needs of pupils for funding purposes. We will also invite views on how to ensure that the transparency of the Pupil Premium as additional resources for schools is maintained as the funding system is reformed. We will publish a consultation in Spring 2011, following discussion with partners including local authorities, school leaders and teachers' associations. Costs and benefits will depend on the final decision taken about introduction of the National Funding Formula.
87. A formula should be able to allocate resources more efficiently according to need, reduce administrative burdens involved in calculating funding

³⁷ DfE internal analysis (2010)

³⁸ DfE internal analysis (2010), using secondary schools without sixth forms, and with similar intakes, all outside London.

allocations in every local authority, and give head teachers, school governors and other school providers clarity and transparency about how school funding is calculated. Each pupil would attract the same amount of funding as pupils in similar circumstances, ironing out the current unfairness in the system. Some schools that are currently 'over funded' would receive less funding whilst schools that are currently 'under funded' would receive more.

88. We would provide protection arrangements through the transition period to avoid sudden and dramatic cuts to school budgets – and the Pupil Premium will mean that many schools which might lose relatively under a national funding formula will still gain additional funds through the Pupil Premium to reflect the number of disadvantaged pupils in the school.
89. We will replace the Young People's Learning Agency and set up an Education Funding Agency as an executive agency of the Department with responsibility for the direct funding of the growing number of Academies and Free Schools and all 16-19 provision. This will include the funding of 16-19 provision in FE colleges, sixth form colleges and independent provision. As Academy status increasingly becomes the norm, the Education Funding Agency will distribute more funding direct to schools. The EFA will also distribute resources to local authorities for them to pass on, as now, to those schools which are not yet Academies. Impacts will largely derive from elsewhere – the future introduction of the National Funding Formula pre-16, and increases in the number of Academies.
90. The creation of an executive agency will improve the transparency, accountability and efficiency of the funding of education up to age 19. We would expect providers of education and training to benefit from a more streamlined system, and the reductions in bureaucracy concomitant with a more streamlined approach to the management of funding. There will also be cost savings and efficiencies in the administration, calculation and management of funding for 3-19 education. While some efficiency savings may be realised pre-transfer, the majority of benefits and efficiencies will be realised from April 2012 onwards.
91. The Education Funding Agency will build on the efficient delivery model developed by the YPLA, whose 2019-11 budget is approximately £9.5 billion, of which £48 million is YPLA administration. Stripping out duplicate capacity across organisations may create surplus posts which in turn may result in redundancy costs in the short term, and longer-term savings. In determining the structure of the Agency, including its roles and responsibilities, DfE will look for further scope for reduction and rationalisation whilst minimising these costs. Our expectation is that the costs of this accommodation will not rise as a result of EFA establishment.
92. We will legislate to allow the Secretary of State to use regulation to prevent local authority school funding schemes covering certain matters, and to revise the content of local authority schemes. Previously the Secretary of State could make directed revisions to schemes so that they all changed in the same way and at the same time – but the current

arrangements make it difficult to do so. The intended effect is to enable national policies on administrative matters of school financial management to be implemented speedily without the need to introduce legislation or make regulations. It also aims to give schools more control over their finances so that they can allocate resources where they will be most effective.

93. There may be small costs to local authorities from changing their financial arrangements, or if school procurement changes to national contracts and schools/local authorities lose the benefit of aggregated cross-Council contracts at a discounted rate. Consistent with our view that all schools should be moving to greater autonomy, we will remove the requirement for local authorities to have a clawback mechanism from 2011-12, and review guidance on claw-back arrangements, including on the level of balances deemed to be excessive, and we will consult on making changes to the current arrangements from 2012-13. We know that although a significant number of local authorities have provisions for taking back excess surpluses, the amount of money involved is relatively small.
94. There will continue to be some situations where claw-back is appropriate - for example where a school has built up an excessive balance or where some level of redistribution would support improved provision across a local area. However, if clawback is reduced then schools will benefit from increased confidence in managing and planning their own budgets, and from reduced pressure to spend money rapidly (and potentially inefficiently) at the end of the year. Greater use of aggregated procurement contracts should lead to economies of scale and reduced costs for schools – initial consideration is being given to energy contracts where a saving of 10% for schools would amount to about £50 million.
95. We have not included an assessment of the impact of changes to capital spending because it is currently under review; or of funding for high cost pupils because this will be part of the forthcoming Green Paper on Special Educational Needs and Disability. We have not included an assessment of changes around school financial management standards/school procurement because they are non-statutory and fall below the cost threshold for this paper.

Post-Implementation Review

96. We are proposing major reforms to the education system, based on evidence from the best performing professionals, schools and countries. We will assess the impact on improving pupil attainment and narrowing the gap that the key changes we are making: improving the quality of entrants to teaching; reducing central prescription and enabling teachers and heads to innovate; freeing up the system to new providers to establish schools; a fairer funding system, including a Pupil Premium; and restoring good discipline and behaviour through greater powers for teachers and heads. In this way, we will add to the wealth of international evidence and understand how the system can improve even further in future

97. We have planned separate reviews of specific areas of the White Paper:

- a. Free Schools and Academies - we have a formal evaluation of the Academies programme and also carry out significant monitoring of performance.
- b. Bureaucracy – we will engage with stakeholders and front line professionals to determine whether the cumulative burden of regulation and other requirements has been eased and whether they feel they have more time to focus on raising standards.
- c. New approach to exclusions – we will evaluate the impact of the trial for pupils and schools before deciding next steps.
- d. Ofsted inspection – Ofsted will continue to use NfER to evaluate the impact of changes to the performance frameworks, and to use the School Inspection Survey to collect the views of recently inspected schools.
- e. Education Endowment Fund.

98. We will continue to monitor schools' performance in terms of overall standards and narrowing the gap between rich and poor pupils through data published annually, which will also allow us to monitor the impact of our new approach to tackling school underperformance. We will also monitor other data about the performance of the system – including for example information about the academic qualifications of new teachers and about the number of head teacher vacancies. Within the next few years this data will start to give us indications about the impact of the White Paper's policies, and we will also be able to draw on Ofsted thematic reports into specific issues within the school system. Measures to increase the transparency of school-level data will make information even more publicly accessible to support democratic accountability.

