An overview of school workforce spending

Better value for money in schools

March 2011
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Introduction

1 The 2009 Audit Commission report, Valuable Lessons, examined value for money in schools spending, identifying £425 million that could be saved if schools procured goods and services more effectively (Ref. 1).

2 The 2010 Spending Review will also oblige schools to focus closely on how they use staff resources, since they absorb three-quarters of their budgets (Ref. 2). School leaders, governing bodies and councils are increasingly thinking about how they can reduce expenditure without compromising effectiveness. Alongside this paper we are publishing a set of briefings designed to help schools and their partners to identify ways to do so (Appendix 1).

3 These briefings do not prescribe blanket solutions. Rather, they provide the data necessary for schools to understand how their circumstances and arrangements compare with others and to consider what options for improving efficiency may suit them best.

Ensuring value for money in schools

4 Subject to certain limitations, such as the need to teach the National Curriculum and the National Agreement on workload, schools are largely financially autonomous; they make their own decisions on structuring and managing staff and decide how to apply national salary frameworks. Spending on staff should therefore reflect individual schools’ priorities.

5 Schools’ flexibility to manage their resources is likely to increase further. The government White Paper 2010, The Importance of Teaching, set out the desire for maintained schools to become more autonomous and ‘self improving’. In addition, the provisions of the Academies Act, passed in July 2010, and the coalition’s ‘Free Schools’ policy have already increased the number of schools operating free from local authority control. While our briefings examine only maintained schools, we expect our findings to be relevant to decisions taken by Academies and in the future by Free Schools.

6 Schools operate a variety of workforce models, reflecting their autonomy and their varied priorities. The composition of workforce costs varies accordingly. However, it is notoriously difficult to apply traditional approaches to value for money to schools’ spending. A wide range of variables affect how schools organise to achieve their objectives, and many are hard to measure. These include teacher quality, teaching methods and the quality of school leadership.

7 However, the variation in spending patterns suggests that many schools can find ways to improve the efficiency with which they deploy and manage their staff, without compromising their effectiveness (Table 1).
Table 1: **Economy, efficiency and effectiveness in the context of schools’ workforce**

<table>
<thead>
<tr>
<th>Economy</th>
<th>Definition</th>
<th>VfM imperative</th>
<th>Areas of interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimising the costs of resources used for goods or services</td>
<td>Best quality staff at lowest available price</td>
<td>Teacher pay, Staff insurance costs</td>
</tr>
<tr>
<td>Efficiency</td>
<td>The relationship between outputs and the resources used to produce them</td>
<td>Making the best use of staff time</td>
<td>Classroom deployment, Curriculum offer, Absence management, Wider schools workforce</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The extent to which objectives have been achieved</td>
<td>Ensuring increased attainment and pupil well being</td>
<td>Pedagogy, Curriculum content, Quality of teaching, Performance management</td>
</tr>
</tbody>
</table>

*Source: Audit Commission 2011*

**Understanding school spending**

8 Maintained schools in England spent over £35 billion in 2009/10, some £5,000 on average per pupil. They have seen a large increase in available funds, with spending increasing by 28 per cent since 2002/03. Echoing a number of academic studies, we have found no direct relationship between funding levels and pupil attainment at the school level (Refs. 3, 4).

9 Workforce has been a central focus of this investment, with the greatest proportion, £19 billion, spent on teachers (Figure 1). Since 1997 the number of teachers in England has increased by 8 per cent. With a concurrent drop in pupil numbers, the ratio of teachers to pupils has increased by 9 per cent.
Since 2003 teacher utilisation has declined in primary schools, although it remains higher than in secondary schools. The scope for increases in teacher utilisation is modest, but may be an option for some schools.

In 2010 an average class in a primary school contained 26 pupils, while one in a secondary contained 21 pupils. Variation in class size can be large, even between similar schools. However, the scope for schools to save money by increasing class sizes is limited by the size of their year groups.

Schools up to Key Stage 4 have little choice in the time they give to particular subjects, but use the choice they do have to support English and mathematics. On average schools enter their pupils in 24.5 subjects at GCSE, while others offer as many as 42. The breadth of the curriculum at GCSE is largely explained by school size.

The National Agreement on workload, adopted in 2003 by the government, unions, teacher bodies and employer organisations, reformed and expanded support staff roles in schools (Ref. 5). In 2002/03 teachers accounted for 76 per cent of staff costs in schools; by 2009/10 this had fallen to 68 per cent. There is considerable variation in workforce profiles and teachers typically make up anything between 27 and 75 per cent of the workforce in individual schools.

There has been substantial growth in the number of teaching assistants, who now cost some £2.2 billion and make up a quarter of the workforce in primary schools. There is wide variation in the use of teaching assistants between schools and evidence on their impact on pupils’ attainment or teachers’ workload remains inconsistent.
There has also been growth and diversification in other educational support staff roles. Numbers of these staff, who include technicians, librarians and special needs support staff, have increased by 34 per cent since 2003. In 2010 administrative and clerical staff comprised 9 per cent of the total schools workforce, or 71,000 full-time-equivalent staff. While primary schools have kept additional numbers of these administrative staff to a minimum, variation in their numbers in secondary schools suggests that they have taken different approaches to employing these staff.

Nationally, rates of teacher sickness absence have reduced in recent years, but there is still notable variation between council areas. Despite growth in the numbers of higher level teaching assistants (HLTAs), who can provide limited cover for absence, there has been little change in school spending on supply teachers. Schools continue to make extensive use of supply teachers and nearly a fifth spend over 10 per cent of their teaching budgets on them.

**Using our briefings**

A focus on value for money is timely. The increases in school funding that schools have enjoyed over the last decade are now slowing. The October 2010 Spending Review allocated budget increases of 0.1 per cent annually by 2014/15 (Ref 2). There will be additional resources for schools provided through the new pupil premium.

School leaders and governing bodies need to understand the costs and benefits of different models of staff deployment in order to manage their staffing resources well. Our briefings will help them:

- discuss resource allocation, staff deployment and reviews of staffing structures;
- understand the costs of different workforce strategies;
- assess how their workforce costs compare with national distributions and similar schools; and
- identify what they can change to improve efficiency.

Councils should also use these briefings to help assess the relative positions of local schools and consider where they can offer support. The 2010 Education White Paper, *The Importance of Teaching*, states that councils will continue to oversee access to school places, support school improvement and retain their powers to intervene in failing schools. Councils remain well-placed to provide local, school-specific financial support, a service that schools have historically rated highly (Ref.6).
Appendix 1  Four briefings on the schools' workforce

In our briefing on **Classroom deployment** we consider:

- the pattern of teacher numbers and their utilisation;
- the potential for schools to make efficiencies by varying class sizes; and
- the growth in numbers of teaching assistants in schools.

In our briefing on **Curriculum breadth** we consider:

- the priorities given to subjects taught in the national curriculum;
- the variation in the GCSE curriculum offer by secondary schools; and
- the use of bought-in curriculum services.

In our briefing on **Managing staff absence and cover** we consider:

- teacher absence, including rates of sickness absence across council areas;
- options for covering absence, focusing on the scope for teachers and qualified support staff to provide cover; and
- the use of directly employed and agency-sourced supply teachers.

In our briefing on **The wider schools workforce** we consider:

- the growth in the non-teaching workforce;
- the numbers and cost of educational support staff;
- changes in the use and costs of schools' administrative and clerical staff; and
- the pattern of spending on other staff groups, including bought-in consultancy services.
Appendix 2  Research methodology

We brought together a range of school-level data to map the pattern and variation over time of key variables associated with the schools’ workforce. The data sets are:

- Consistent Financial Reporting data on school spending;
- school-level attainment data at Key Stages 1-4 and the Contextual Value Added attainment measure;
- the school census, taken twice a year;
- the school workforce survey;
- GCSE entry data; and
- inspection data held by Ofsted.

Where possible we have used 2010 data but, in some analyses, such as those on sickness absence, the latest available data is for earlier years. Our cohort was primary, secondary and special maintained schools in England.

In addition we conducted a short programme of fieldwork in four local authority areas, taking into account council type, geography and Ofsted’s value for money judgement: East Sussex County Council, the London Borough of Lewisham, Norfolk County Council and South Tyneside Council. We interviewed councils’ school finance officers and held a workshop with head teachers, school business managers and governing bodies.

We have worked closely with organisations in the schools sector including the DfE, Ofsted, the National College for Leadership of School and Children’s Services and the National Association of School Business Management (NASBM), and consulted with the National Association of Head Teachers, the National Union of Teachers and the National Association of Schoolmasters/Union of Women Teachers.

We conducted an online survey of the 2,000 members of the NASBM, the professional body for school bursars and financial managers in schools in England and Wales. We achieved a response rate of 22 per cent, and weighted the results to represent school business managers from primary, secondary and special schools. We asked them where they felt there to be scope for achieving greater efficiency without compromising the effectiveness of education provision in their schools.

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