

The Education Reform Act

4 The Education Reform Act

The Education Reform Act, 1988 has fundamentally changed the relationship between the Department of Education and Science and the local education authorities in England and Wales. It follows the pattern of giving central government more legal powers and reducing local authorities' discretion to set policy. It has defined a new role for local education authorities. It has given new responsibilities to schools and colleges, in effect challenging the local authority's role both from above (the Department of Education and Science) and from below (the school and the parents).¹

A reform of the education system has also taken place in Scotland, but has occurred later and at a slower pace. It has therefore not yet required such a fundamental shift in central-local relationships or in the powers of local authorities. Many of the changes in curriculum and assessment did not require legislation in Scotland, and school admissions policies were not changed. The variations partly reflect the existence in Scotland of central mechanisms for control and consultation over the curriculum – the Consultative Committee on the Curriculum, the Scottish Examination Board, the Scottish Vocational Educational Council and the Inspectorate – which had already made progress in developing existing policy. The difference also reflects the greater political difficulty of reforming the distinctive Scottish education system along the lines decided in England and Wales. However, legislation was enacted to introduce the more controversial aspects of the English reforms, notably opting-out.²

Central government concern about, and influence over, schools and the further education system had been growing since the 1960s. Prior to that time, in spite of section 1 of the 1944 Act, which gave control and direction to the Secretary of State, local authorities had the job of administering schools and higher education institutions and had wide discretion in formulating policies. The Department of Education and Science's role was promotional rather than directive.³

The promotional role continued even when central government introduced major policy changes. The introduction of comprehensive education after 1965 was encouraged by circular and financial incentive, though eventually, in 1976, the government decided to pass legislation to try to ensure that the few authorities which refused to reorganise their secondary education system on comprehensive lines did so.⁴

Other policies, such as those which derived from falling school rolls, were also promoted by central government, though with more central involvement.⁵ During the 1970s public debate shifted from the merits of comprehensive education to a concern about standards and performance. The turning point was the debate initiated by James Callaghan's speech at Ruskin College in 1976. The attempt to develop policies to raise standards led to more involvement by central government as shown in the 1977 green paper.⁶

There was an increasing concern in the Department of Education and Science that, in comparison with other departments with responsibility for local authority functions, they had little power to supervise the policies of local authorities or the implementation of central government policies. The weakness was highlighted in the early 1980s when other branches of central government were used to coordinate new initiatives in training, notably the Department of Employment. Although the first two Conservative governments sought to use special funding schemes to introduce changes in the curriculum and Sir Keith Joseph, when Secretary of State, hoped that the changes⁷ could be implemented by agreement with local authorities,⁷ the Department wished to regain and assert its control over education.⁸ It had unsuccessfully tried to introduce an education block grant, though it had devised education support grants for curriculum experiments.

The Education Reform Act, 1988 is thus the culmination of a move initiated by the Department towards central direction and statutory

control, particularly in curricular and assessment matters.⁹ The impetus to a general reform was reinforced by a strain of Conservative thinking which sought to reduce the dominant role of local authorities in education and to increase the influence of the consumers – the parents and children – by introducing market principles into the schools system.

The Act gives important new powers to central government. The Secretary of State is given the power to specify attainment targets for each subject in the new curriculum. He appoints the members of the National Curriculum Council and approves its recommendations. The Act sets up a national system of testing pupils to be administered by a committee nominated by the Secretary of State. The Secretary of State approves the qualifications offered to pupils, can alter the standard number of pupils to be admitted to schools and may approve financial management schemes submitted by local education authorities or may impose new ones. He decides the proportion of funding that remains with the local authority after budgets have been delegated, recently reduced from 15 per cent to 12.5 per cent. The role of central government was, in theory, limited in developing new curriculum proposals which were produced by expert committees through consultation, and the Secretary of State may alter them only at the margins. However, the consultation has been limited. In Scotland, the changes in the curriculum were introduced without statutory provisions, using the existing consultative framework for the curriculum.

The Secretary of State has power to approve a school wanting to opt out of a local education authority's control: that is, to change status to a grant maintained school. He may, however, do this only after a majority in a ballot of the parents has approved it. He has the power to recover the maintenance grant for the opted out schools from the local education authority. The Secretary of State has the powers of the local education authority over the administration of capital grants and special grants to the grant maintained schools and over other roles previously handled by the authority.

The Act removes some of the discretionary powers of local authorities in a number of areas and, where they are not given to schools, they are replaced with duties. Local educational authorities lose powers to set the major part of the curriculum. They are required to implement the testing of pupils. The Act extends governing bodies

to further education colleges. These bodies contain representatives of interest groups such as the business community and are aimed at making the colleges independent from the education authority.

A local authority has to prepare a financial management scheme, which is a formula for allocating funds to the schools in its area. The local authority must take into account guidance issued by the Secretary of State and the financial management scheme must be submitted to the Secretary of State for approval. The main functions retained by the local education authority are: pay, tax and superannuation administration; inspection of, and advice on, the quality of provision provided and the standards reached; the provision of career, educational, psychological and welfare services; technical support and financial, legal and medical advice; audit (this is to be an especially important function for monitoring the performance of schools); payment of rents and rates; capital expenditure; administration of central government grants; and home-to-school transport. Schools may choose whether to have delegated to them the functions of school meals, structural maintenance, and insurance. The idea is that the school governing body, half of whose members are parents, becomes the key body responsible for the decisions of the school, with the headteacher as the administrator.

The Department of Education and Science claims that there is a continuing role for the local education authority in the new system. It determines the total resources available to schools, and sets out the conditions and requirements within which governing bodies must operate. There is a division of responsibilities between the local education authority and the school over the appointment and dismissal of staff; the authority generally must be consulted, but the school has the decision. In addition the authority manages the expenditure of schools without delegated budgets (primary schools with less than 200 pupils and special schools).

The decision over the formula which allocates funds to schools is an important one and may ensure, as Stewart Ranson writes, that, 'local discretion may have a powerful influence in determining outcomes'.¹⁰ However, even though it gives an authority a role in constructing the system, in the long term the authority's discretion is tied down by the formula. Also the formula has to be approved by central government, and the Secretary of State has been active in ensuring that formulas are modified. But, in practice, creating a

radically different formula is hard. Given local authorities' limited knowledge about costs, the potential disruption of a new formula and the short time allowed for their design, budgets have tended to follow the existing distribution of resources from local authorities to schools.

The government envisages that local education authorities will become advisory, providing support for schools. There may be a change of role to being a promoter of policies rather than a director of them. Local education authorities may be able to develop a role as a source of advice and specialist services, but this depends on a reassessment and redesigning of their activities.¹¹ The extent to which local education authorities develop this role depends on the way relations between schools and authorities develop.

But there are important limits to the way local authorities can adapt to their new role. Financial delegation means that local education authorities will find it more difficult to allocate resources for particular policies, such as education for the under fives or to areas of need, because 75 per cent of the delegated budget to the schools must be based on the number of pupils. Resources could be allocated outside the discretionary exemption, but the government is limiting the extent to which this happens. The Department has emphasised that the remaining 25 per cent must be calculated on an objective assessment of needs rather than on historic spending. In addition there is only 7 per cent outside the delegated budget to be spent by the local education authority. It is not clear the extent to which higher spending on the grounds of social deprivation will continue. On the other hand, local education authorities can modify the formula according to variations in salary costs and have some reserve powers if a school does not comply with the scheme or manage it in a satisfactory manner. But the extent to which the remaining functions of local authorities can be exercised may be limited, given the guidance that has been laid down concerning delegation and the restrictions which operate on such functions as the taking of corrective action. Thus it is the schools that now have the discretion about how their budgets are spent and how staff may be deployed.

In Scotland local management of schools has been introduced, but not on the comprehensive lines as in England and Wales. This is largely because school boards have not existed before in Scotland. Thus the new legislation had to be introduced to create governing bodies for each school, though with the interesting difference from

England that parents have to be in the majority.¹² The boards have less responsibilities than south of the border: they have the power to request information from their local education authority, have a role in appointments and can raise funds but not make charges. The headteachers' proposals for spending on books and materials has to be approved by the board. The headteacher must produce statements on curriculum assessment for consultation with the board. The government's view is that when school boards have gained experience in some management functions they will be able to take on responsibility for financial management and staffing. Thus local management in schools is devolved from the local education authority only when both the school and the authority want it, the school being able to assume new powers at a gradual pace but being able to appeal to the Secretary of State if the council declines to provide delegation.

Throughout Britain, local authorities lose control over some schools should they decide to opt out after a ballot of the parents and become grant maintained schools, although a school may decide to return to the control of the authority. Even for these schools the Department still regards the role of the local authority as a strategic one, and local education authorities are still required to rationalise educational provision and to remove surplus school places, though it is the market – with the combination of open enrolment and formula funding determining the viability of schools – which will perform this function. The local education authority will continue to have limited responsibility for pupils in grant maintained schools in order that it may carry out its statutory duties for the area: to ensure that there are enough schools available in the area, enough facilities for recreation and social and physical training, that parents comply with the law on school attendance and that arrangements for the provision of free transport are made. However, given that the move to opting-out is often motivated by criticism or a history of conflict with the local education authority, it is hard to imagine close relations developing.

In Scotland opting out occurs in a limited number of cases. Nursery schools, special schools and schools approved for closure cannot opt out. After a few years opted out schools may change their character, for example, by introducing different age ranges or whether the school is single sex or not.

Local education authorities may lose control over other aspects of the education system if a large number of city technology colleges are

formed, since there is no clear role for the local education authority to play. Not many have been established owing to the difficulty of obtaining private sector sponsorship. The total so far is about 20 in England and Wales and one in Scotland. Local authorities lose powers with respect to polytechnics, some colleges of higher education and teacher training colleges, a significant loss of functions. The Inner London Education Authority has also been abolished; as a result its role has been lost, together with specialist facilities.

There are several effects of the education reforms on central-local relationships. They make mandatory and uniform the arrangements for determining the curriculum. Though central influence existed before, through encouragement from the Department of Education and Science and the Inspectorate, a local education authority loses power to set the curriculum, except at the margin. Testing is also made uniform, centralising an important aspect of educational policy-making.

The delegation of budgets is the most important aspect of the Act. It removes most of the budgeting and management aspects of schools from local authority control. It limits the discretionary power of the local authority in allocating funds to schools. At present only a few schools have opted out. Opting out seems to occur in special cases, such as a school faced with closure. Only if a large number of schools opt out in any particular authority will local powers over the educational system be greatly reduced. At the beginning of the reform schools are tending to be preoccupied with local management schemes, but once these are mastered the incentive of gaining full control of their budgets may encourage more schools to opt out.

The reforms follow the pattern to increase pluralism in the public institutions providing services and to increase the role of the consumer. The local education authority will not have such an important role in the decisions affecting the provision of education. The focus of the system becomes the devolved institutions: the grant maintained schools, schools with delegated budgets, city technology colleges and higher educational institutions. The reforms tie together in an attempt to create a market/consumer driven provision of state education: the national curriculum makes it possible for the consumer to compare the performance of schools; testing makes the performance of schools available to parents who should therefore be in a better position to choose their school; the role of governing bodies is supposed to

involve parents more in the decisions affecting the school; open enrolment and formula funding act as a quasi-market which can determine the viability of schools according to parental choice; and opted-out schools provide an alternative choice for consumers. The policies rely on consumers taking an active role in schools and being able to interpret the information available to them. But it is likely that only a minority of parents (perhaps not typical) will be involved; this almost certainly means that the influence of the professional in the local authority will be replaced by the influence of the professional in the school, the headteacher. The information is also likely to distort consumers' judgement, because the indicators will reveal the types of pupil attending a school rather than the quality of the school. Open enrolment may penalise well managed schools with low achieving pupils and reward those with good pupils. The market may reinforce the class divisions that affect the quality of schools, rather than reward the efficient.

Because of the shift in powers – to the school, the consumer and central government – local education authorities will have to adapt to a less directive role than in the past. The government hopes that an enabling role will emerge, but the extent to which this happens will be limited by the provisions which regulate their relationship with the schools. The role of education authorities may be weakened, though by how far depends on the future policy of central government and their own ability to innovate.

References

1. For reviews see S. Maclure, *Education Reformed: A Guide to the Education Reform Act*, London, Hodder and Stoughton, 2nd ed., 1989; S. Ranson, 'Education reform', in J. Stewart and G. Stoker (eds.), *The Future of Local Government*, London, Macmillan, 1989; N. Rao, *Educational Change and Local Government: the Impact of the The Education Reform Act*, London, Policy Studies Institute for Joseph Rowntree Foundation, forthcoming.
2. Self-Governing Schools etc (Scotland), Act 1989.
3. J. Griffith, *Central Departments and Local Authorities*, London, Allen and Unwin, 1966, pp.522-523.
4. Education Act, 1976.

Recent trends in central-local government relations

5. See S. Ranson, 'Education', in S. Ranson, G. Jones and K. Wash, *Between Centre and Locality*, London, George Allen and Unwin, 1985.
6. Department of Education and Science, *Education in Schools*, London, HMSO, 1977.
7. S. Maclure, 'Beyond the Education Reform Act', *Policy Studies*, Spring 1990, 11(1), p.7; Department of Education and Science, *Better Schools*, Cmnd. 8469, London, HMSO, 1985.
8. S. Ranson, 'Contradictions in the government of educational change', *Political Studies*, XXXIII, pp.64-65.
9. J. Dunford, *Central/Local Government Relations 1977-1987 With Special Reference to Education: a Review of the Literature*, Stoke-on-Trent, Trentham, 1988, pp.7-16.
10. S. Ranson, 'Education reform', in J. Stewart and G. Stoker, *op.cit.*, p.62.
11. Audit Commission, *Assuring Quality in Education*, London, HMSO, 1989, pp.17-33.
12. School Boards (Scotland) Act, 1988.