

## Introduction

CentreForum has had some positive things to say about the development of Conservative education policy under Michael Gove's stewardship. His plans to encourage private providers to set up a large number of independent state-funded schools promise, finally, to deliver a diverse and dynamic education system characterised by real choice for parents and meaningful competition between schools.<sup>1</sup> And his plans for a Pupil Premium – a new system of deprivation funding for schools that attaches more money, per capita, to children from disadvantaged backgrounds – should ensure that it isn't just the well educated and well heeled that are able to reap the benefits.

But questions remain as to whether these and other proposed changes add up to the education "revolution" that David Cameron has promised. Indeed, there are good reasons for thinking that insufficient radicalism – a reluctance to follow the liberalisation agenda to its logical conclusion – combined with a lack of money, could yet impede the successful implementation of the Tories' plans.

### **1) How are you going to pay for the Pupil Premium?**

**Michael Gove says:** he will find the money from within the education budget. But David Cameron's insistence that he will deliver real terms year-on-year increases in health and international development spending will make this all the harder to achieve. By the Conservatives' own admission, protecting these departments will force bigger cuts – of at least 10 per cent – elsewhere, including in the education budget. How Gove intends to fund his new Pupil Premium in such an environment is unclear. He will no doubt start by cutting those funding streams that flow through local authorities or quangos such as the Learning and Skills Council (LSC), rather than directly to schools. But this will, at best, free up a few hundred million pounds, not the £2 billion or £3 billion needed if the Pupil Premium is to have an impact. Finding money on this scale will inevitably require him to transfer resources from non-deprived schools in leafy middle class neighbourhoods (including many Tory seats) to high poverty schools in deprived neighbourhoods (including many safe Labour seats). It reflects well on Gove that he is prepared to push a policy that offers so little, directly, to Tory voters in suburban and rural England, but it is far from clear that he will get his plans approved by the Treasury.

<sup>1</sup> Independent state-funded schools are also referred to as 'free schools' and as 'academies' in this paper.

# A very conservative revolution:

## Tory education policy examined

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CENTREFORUM

**CentreForum says:** it is disappointing that the Conservatives have not backed Michael Gove's potentially transformative plans for schools reform with any new money, choosing instead to pour funds into a largely unreformed NHS. Delivering a step change in pupil performance, particularly in those schools with the most challenging intakes, cannot be done through structural reform alone. Investment – to attract the best teachers and to provide the more intensive model of instruction that characterises most 'high poverty, high performance' schools – will also be needed.<sup>2</sup> One-to-one tuition, catch-up classes, longer school days and weeks – all cost money. It is naive to think that the funds can be secured painlessly from efficiency savings; there just isn't enough waste in the system. Bottom line: if some children are to receive more funding, others will have to receive less.

<sup>2</sup> P Marshall, 'Tackling educational inequality', CentreForum, 2007.

## **2) How will you ensure that Pupil Premium money isn't wasted?**

**Michael Gove says:** he will leave decisions about how to spend the the Pupil Premium to individual schools. But he should be alert to the possibility that, if injected into an otherwise unreformed system, these funds could be frittered away on things that have little or no positive impact on attainment. So what should the Pupil Premium be spent on? The answer, of course, will vary from school to school, but there is one investment that the research literature shows is always worth making: the recruitment and retention of good teachers.<sup>3</sup> This is particularly the case for deprived schools where teacher quality is often lower.<sup>4</sup>

Most head teachers and school governors are, of course, well aware of this. But their ability to use pay to attract or retain the best teachers (and to repel the worst) is heavily circumscribed by the system of national wage bargaining.<sup>5</sup> This system may suit the unions and the government, but it can do great damage to individual schools, particularly those situated in deprived neighbourhoods in high wage regions – the schools that find it hardest to attract the best teachers. Yet, despite the welcome promise to allow free schools to set their own pay, as academies already do, the party has not pledged to abandon national pay bargaining in the rest of the public sector, including the existing 25,000 or so non-academy schools. Furthermore, they have said nothing about reversing the government's decision to bring all 326,000 school support staff into the system from 2010.

**CentreForum says:** Michael Gove is right to leave spending decisions to schools: they are better placed than ministers and officials to decide how best to respond to the particular needs of their pupils. Yet we know from experience that more money does not lead, automatically, to higher attainment; that schools are quite capable of allocating resources to interventions that

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do not improve pupil performance.<sup>6</sup> The rapid recruitment of teaching assistants in recent years – a workforce experiment on a scale unique to the UK – is a case in point. While teacher numbers have grown by just 10 per cent since 1998, the number of teaching assistants has trebled. Yet recent research has found that this has had no demonstrable positive impact on academic achievement, and in some cases, seems actually to have had a negative effect.<sup>7</sup>

So why have schools spent their money as they have? In some cases, it may be because head teachers and governors are ignorant of what works and what does not. But in most cases, it is more likely a result of well informed school leaders responding quite rationally to the political demands of ministers and officials, and the perverse incentives created by the statutory and regulatory framework in which they operate. Consequently, the answer is not for the Secretary of State to issue yet more targets, directives and guidance, but to stop issuing them altogether. Financial decisions – including those about teachers' pay – should be left to schools.

If Michael Gove believes schools need more information about how best to allocate their financial and human resources, he should establish a fully independent Education Standards Authority to provide it. This would ensure that the advice they received was impartial, evidence-based and dependable.

## **3) How will you ensure that enough Free Schools are established to make a real difference? How many do you believe will be open at the end of your first term in office?**

**Michael Gove says:** he wants to see 2,000 independent state schools open in the coming years. This is hugely ambitious. The academies programme has thus far

3 S Rivkin et al, 'Teachers, schools and academic achievement', National Bureau of Economic Research, 2001; J Rockoff, 'The impact of individual teachers on student achievement: evidence from panel data', American Economic Review, 2004; H Slater et al, 'Do teachers matter? Measuring the variation in teacher effectiveness in England', The Centre for Market and Public Organisation, University of Bristol, 2009.

4 J Imazeki, 'Attracting and retaining teachers in high-need schools: do financial incentives make financial sense?', San Diego State University, 2008; R Lupton, 'Schools in disadvantaged areas: recognising context and raising quality', Centre for Analysis of Social Exclusion, London School of Economics, 2004.

5 S Bach et al, 'The public sector in transition' in 'The evolution of the modern workplace: a quarter century of change', Cambridge University Press, forthcoming.

6 E Hanushek, 'Education production functions', in 'The new Palgrave dictionary of economics', Palgrave Macmillan, 2008.

7 P Blatchford et al, 'The role and effects of teaching assistants in English primary schools', DfES, 2004; P Blatchford et al, 'The deployment and impact of support staff' DCSF, 2009.

*Philanthropy alone might not be able to power the expansion in academy numbers that Gove would like to see.*

been micro-managed from Whitehall, with energetic former schools minister Lord Adonis acting as midwife to each and every new school. Yet seven years on, despite all the heavy lifting, there are still only 200 academies open. In part, this is due to the obstacles new providers are required to overcome (planning procedures and contracting processes being two of the higher hurdles). But it is also because the pool of individuals and organisations with the means, the know-how and the desire to set up new schools remains limited. Ultimately, if Michael Gove wants to see a tenfold increase in the number of academies, he will need to ensure that the right incentives are in place. To date, he has not been prepared to countenance the idea of allowing independent state schools to make a profit. But it is unclear whether this decision, taken for (understandable) political reasons, is the right one. Certainly, the Swedish experience, where more than two thirds of all free schools are run by for-profit education companies, should give him pause for thought. As Mikael Sandström, an education analyst and advisor to the Swedish Prime Minister, told CentreForum: "If I have been disappointed with any of the independent providers it's the not-for-profits who, with no commercial incentive to expand, have been less effective at identifying untapped parental demand and slower to set up new schools".<sup>8</sup> The lesson, according to Sandström, is clear: philanthropy alone might not be able to power the expansion in academy numbers that Gove would like to see.

**CentreForum says:** the politics may be awkward, but the Swedish experience underlines the benefits of allowing commercial providers into the state-funded education system. As Anders Hultin, a former managing director of Kunskapsskolan, Sweden's biggest chain of free schools, explained: "We spend the equivalent of 95p of every pound we receive from the government on our schools. The other 5 per cent is profit. The not-for-profits and the municipalities spend every penny of their funding on their core service. If, despite this financial 'disadvantage', we are able to run better schools, achieve better results and

attract more pupils than our competitors, what's the problem?"<sup>9</sup> It's a good question. What really matters is that children are able to receive a high quality education, free at the point of use. So long as schools respect the requirements of the statutory admissions code, teach the national curriculum (ideally much slimmed down), submit themselves to regular inspection and can be held to account by the democratic authorities for their performance, the rest should be immaterial.

#### **4) How will you afford all these additional school places?**

**Michael Gove says:** that the capital costs of opening the first 500 new academies will be met by diverting funds from the Government's 'Building Schools for the Future Fund' (BSFF), created to rebuild or refurbish every school in the country. He also predicts that revenue funding will not rise as it is linked to pupil numbers rather than school numbers, so a rapid increase in the number of schools should not lead to a corresponding increase in costs.

Whether it would lead to any increase in costs is a different matter. Even in Sweden, where the voucher system ensures that all funding 'follows the child', total costs still rose in some areas.<sup>10</sup> This was particularly the case in the bigger cities of Stockholm, Gothenburg and Malmo where the number of independent schools grew faster than municipalities could cut the level of their own provision, resulting in periods of 'over supply'. In the UK, where a higher proportion of total funding (about 15 per cent) is not allocated on a per-pupil basis, and where schools receive a 'minimum income guarantee' designed specifically to counter changes in pupil numbers, the costs of over supply are likely to be higher and take longer to reduce. Furthermore, in Sweden, the up-front costs of establishing a new school are met by the provider, not the government. The British Conservatives, aware that few 'not-for-profits' will be able or willing to meet these costs, have decided to finance all free school start-ups through the BSFF. But this too involves taking money away from existing schools, many of which are in desperate need of rebuilding or refurbishing. As with the Pupil Premium, Michael Gove may find himself having to move money around the system, creating large numbers of losers, as well as winners, in the process.

**CentreForum says:** if Michael Gove wants to expand supply at a time when reducing

<sup>8</sup> In conversation with the author, Stockholm, 2008.

<sup>9</sup> In conversation with the author, Stockholm, 2008.

<sup>10</sup> 'Schools like any other? Independent schools as part of the system 1991 – 2004', Skolverket (the Swedish National Agency for Education), 2006.

the deficit is the government's first priority, he would do well to load more costs onto private providers. Once again, however, the decision not to allow commercial operators into the system looks unwise. Parents and charities have neither the inclination, nor the means, to raise their own capital. The fact is, private providers will only assume a significant financial risk if they stand to reap a financial reward in return. But Gove's plans do not allow for this.

The system of revenue funding could also be improved, not just to control costs, but to make schools more responsive to parental choice. At the moment, very few schools are opening or closing in response to demand (2 per cent of primary schools and 1.5 per cent of secondary schools either entered or left the state system in each of the three years since 2003-04). Nor are they expanding or contracting in response to demand (the best schools are seeing their pupil numbers rise, and the worst are seeing their pupil numbers fall, but in each case at a rate of less than 3 per cent per year).<sup>11</sup> And because of the inability of the funding system to respond quickly and accurately to changes in school populations, the impact on school budgets is likely to be felt only after a considerable delay, if at all. Little wonder then that the threat of government intervention looms larger over poorly performing schools than does the risk of a parent exodus. But if we, like the Swedes, were to link all funding to pupils through a voucher system, this would quickly change. Schools would be forced to compete for every pound, which in turn would require them to treat parents as valued customers, going the extra mile to respond to their wishes.

### ***5) Will you pledge not to micro-manage schools from Whitehall?***

**Michael Gove says:** Labour's impulse to command and control has resulted in schools becoming "increasingly homogenised locations for delivering the same, centrally-agreed product, in the same, centrally-directed fashion".<sup>12</sup> Yet time and again he too has trespassed on territory that schools, not unreasonably, might consider their own. In a series of speeches and interviews, he has opined on issues such as teaching methods (synthetic phonics for reading, 'chalk and talk' lessons rather than group work); classroom layout (desks in front-facing rows rather than clusters); uniform policy (blazers and ties, not sweatshirts); and even the length of the lunch break (long, so pupils can attend chess clubs and

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debating societies).<sup>13</sup> On the curriculum, the Conservatives are so keen to impose a strict academic focus that they actually voted in favour of a clause (138) in the latest education bill that, for the first time, gives the Secretary of State the power to decide which literary texts should be studied by GCSE students.<sup>14</sup> This extraordinary level of interference clearly sits uncomfortably with Gove's stated commitment to diversity, freedom and choice in education. When pressed on this inherent contradiction, he has always maintained the problem is largely theoretical, since "one thing stands out in all the most successful schools which are free from bureaucratic control – they opt for an approach towards education which rests on traditional subject disciplines."<sup>15</sup> This, of course, sidesteps the issue. The real test of Gove's commitment to pluralism will come when his preferences, and those of parents and schools, collide.

**CentreForum says:** There is a real danger that, once ensconced in the Secretary of State's office, Michael Gove will simply replace one set of ministerial directives with another. The argument for diversity and choice in education rests on the belief that a plural system will better meet the different aptitudes and abilities of millions of children and the preferences and educational philosophies of their parents. And the argument for giving schools real freedom and autonomy is that they are better placed than the Secretary of State to tailor a programme of instruction to the particular needs of their students. Michael Gove understands this, and would no doubt recoil from the view that 'the man in Whitehall knows best'. Yet his recent utterances suggest that he might indeed believe this to be the case, so long as the 'man' in question is Michael Gove.

<sup>11</sup> L Sibieta et al, 'Level playing field? The implications of school funding', CfBT Education Trust, 2008

<sup>12</sup> 'Why Conservative social policy delivers progressive ends', speech by Michael Gove MP to the Institute for Public Policy, August 2008.

<sup>13</sup> Telegraph, 'Back to schools discipline, says Michael Gove', 20 October 2007.

<sup>14</sup> Department of Children, Schools and Families, 'Apprenticeships, Skills, Children and Learning Bill', 2008-09.

<sup>15</sup> 'What is education for?' Speech by Michael Gove MP to the Royal Society for the encouragement of the Arts, Manufactures and Commerce (RSA), June 2009.

**6) Are you going to abolish all testing in Primary Schools? And if so, how will you ensure that primary schools are accountable for their performance?**

**Michael Gove says:** he will replace the last remaining externally assessed test in primary school with an internally assessed test at the start of secondary school. The background to this issue is the government's recent decision to scrap the Key Stage 1 (age 7) and Key Stage 3 (age 14) tests, with the result that pupils will now sit just two externally assessed tests – one at the end of primary school (Key Stage 2), the other at the end of compulsory secondary school (GCSE). The argument for doing so was that too many schools were simply 'teaching to the test', focusing on too narrow a curriculum as a result. In May 2009, Michael Gove opposed the government's decision, arguing in the House of Commons that "by declining to stand up to outside pressure and by retreating on the principle of external assessment, the Secretary of State has failed the test of ensuring that he defends what is best for our children".<sup>16</sup> A month later he had changed his mind, arguing that we should in fact go further and abolish the Key Stage 2 test as well.<sup>17</sup>

**CentreForum says:** by proposing no externally assessed testing in primary schools, Michael Gove has certainly gone too far. The government was right to scale back the Standard Assessment Test (SATs) regime which had unquestionably led to a narrowing of the curriculum and a hollowing out of the learning experience. But by removing all external testing in primary schools, the Conservatives would deny parents an important and valued piece of information to guide their choice of school and gauge their child's progress, while simultaneously denying government the opportunity to hold schools properly to account for their performance. Furthermore, by introducing an internally assessed test in the first year of secondary school, Gove is simply replacing one set of perverse incentives with another: under his system, secondary schools would have an incentive to mark their pupils down at the point of entry so as to increase their 'value added' scores in subsequent years.

**7) Will you legislate to allow for the establishment of new grammar schools?**

**Michael Gove says:** he does not support the expansion of grammar schools – but

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many Conservatives do. When, in 2007, David Cameron described those who favour a return to the 11-plus as "dangerously deluded", a bitter internal row began which continues to this day.<sup>18</sup> Indeed, just three months ago, former shadow Home Secretary David Davies described grammar schools as "the greatest instrument for social mobility ever invented" and, in a pointed attack on his Eton-educated party leader claimed that the only people who had gained from the abolition of grammars were "public school boys".<sup>19</sup> None of this would matter very much had the leadership not left open the possibility that, in areas where grammar schools already existed, more might be permitted.<sup>20</sup> This pledge, designed to appease the party faithful, may well be tested should the Tories win the election. Conservative-run Buckinghamshire council, for example, has already stated that it wants to open new grammar schools to cope with its rising population. Under current legislation, this is prohibited. If the Conservative leadership is serious about allowing Councils like Buckinghamshire to open new grammar schools, it will have to amend the relevant legislation – the 1998 School Standards and Framework Act – to do so.

**CentreForum says:** When David Willetts, the then Shadow Secretary of State for Children, Schools and Families, offered a considered, evidence-based argument against academic selection through the 11+ exam, he was roundly criticised by the right wing press and swiftly demoted by his boss. But his case was, and remains, a strong one. Since only 2 per cent of children at grammar schools are on free school meals when those low income children make up 12 per cent of the school population in their areas, these schools cannot be seen as engines of social mobility. Furthermore, with only 164 grammar schools in existence, the issue could barely be more peripheral to

<sup>16</sup> House of Commons debate, May 2009.

<sup>17</sup> M Gove, 'Gove outlines plans to reform school testing', June 2009.

<sup>18</sup> BBC, 'Cameron steps up grammars attack', 22 May 2007.

<sup>19</sup> Daily Telegraph, 'Bring back grammar schools 'to rescue next generation' says David Davies, 24 June 2009.

<sup>20</sup> Daily Mail, 'Cameron stages the great grammar school u-turn', 1 June 2007.

the thinking, and the detailed planning, of the Conservative leadership. All the signs suggest that David Cameron and Michael Gove have no intention of honouring the pledge to allow more grammar schools in the 36 local authority areas where they already exist – they just haven't admitted it.

**8) What are your plans to improve the quality, availability and affordability of pre-school provision?**

**Michael Gove says:** very little, in truth. Most pronouncements in this area have come from Maria Miller, the Conservative Shadow Families Minister, but these have tended to be cautious in tone and modest in scope. Sure Start outreach workers will be replaced by health visitors, while (unspecified) efforts will be made to create a more diverse childcare system to prevent the further decline of private, voluntary and independent nurseries and childminders. No really significant proposals have been offered up since David Cameron talked about replacing the childcare tax credit with a universal tax break for parents, regardless of the type of childcare they use – a proposal that never became formal party policy.

**CentreForum says:** the Conservatives have fallen into the same trap as the government by conflating two quite distinct issues – childcare and pre-school education. The former is primarily about helping parents juggle the demands of work and family; the latter about boosting children's social and academic development and preparing them for school. But by lumping the two together, and subsidising them through the same funding streams (the universal 'free entitlement' to 12.5 hours' childcare and the means tested 'childcare tax credit'), the current system ends up discriminating against the very children who would benefit most from pre-school education: those living in poor, workless households. Why? Because, with a parent at home, these children are not deemed to need *childcare*.

The consequences of making pre-school education subsidies work-contingent are profound. We know from randomised trials and other studies that exposure to three or four hours of high quality pre-school education boosts the performance of all children – but particularly the poorest – in the first years of primary school.<sup>21</sup> We know also that the 'attainment gap' between rich and poor pupils opens up long before they

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begin compulsory schooling.<sup>22</sup> It follows that any serious attempt to reduce this gap must begin in the early years.<sup>23</sup> Yet the only setting in which children can receive, for free, a good quality pre-school education from a trained nursery teacher, is in a maintained nursery school or a nursery class in a primary school. In all other settings, either there is no educational component to the provision or, where there is, it comes at a price. The 12.5 hour 'free entitlement' was supposed to deal with this problem, but in many parts of the country, particularly in London and other high cost areas, the entitlement doesn't, despite its title, deliver 12.5 hours' childcare/education for 'free'.<sup>24</sup> Rather, it operates as a cash subsidy and comes in the form of a £40 per week discount on parents' bills – a welcome gift for the affluent, a barrier to access for the poor. This wouldn't be a problem if all low income families were able to claim the means tested childcare tax credit, but only those working more than 16 hours per week are able to do so. Yet it is children in poor workless households who are most likely to fail at school, a fact which will one day condemn their children to the life of poverty into which they themselves were born. If Michael Gove is serious about tackling educational failure – a consequence and a cause of deprivation – he should make a priority of ensuring that all children, particularly the poorest, are able to receive four hours of nursery education each day from the age of three.

**9) Will you proceed with the planned rise in the education leaving age?**

**Michael Gove says:** the government's decision to compel 16 and 17 year olds to continue studying when they don't wish to is regrettable, claiming that: "The presence of sullen conscripts when they are resisting being there is unlikely to lead to a sudden

21 E Melhuish, 'A literature review of the impact of early years provision on young children, with emphasis given to children from disadvantaged backgrounds', Birkbeck College, London, 2001; 'The effective provision of pre-school education project', Institute of Education / DFES, 2004.

22 L Feinstein, 'How early can we predict future educational achievement?' CentrePiece, 2003.

23 V Alakeson, 'Too much too late: life chances and spending on education and training', Social Market Foundation (SMF), 2004.

24 J Astle, 'The surest route: early years education and life chances', CentreForum, 2007.

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conversion to the joys of learning and is unlikely to contribute to a calm and peaceful environment for those who do want to learn".<sup>25</sup> His warning was amplified in a report by the respected education expert Professor Alison Wolf who predicted that raising the education leaving age would force large numbers of young people to study for low-level vocational qualifications of "absolutely no economic value to their holders".<sup>26</sup> And by loading a range of duties and penalties on to the small businesses where most young employees are found, she claimed "the legislation could have a devastating effect on the youth labour market and on the skills and future employability of many young people". The effect, according to Wolf, is not likely to be the £2.4 billion benefit to the economy that the government is predicting, but a £1.4 billion cost. If her assumptions are right – and research into the economic value of low level vocational qualifications undertaken by the government's own National Institute for Educational Research suggest that she is – Michael Gove should be worried.<sup>27</sup> At a time of rising youth unemployment, it is all the more important that government does not rush to be seen to 'do something', regardless of whether that 'something' harms or helps. The long and sorry story of publicly funded vocational training schemes – from the 'YTS' to 'Train to Gain' – holds some important lessons for policy makers, not least that young people and their parents tend to understand better than government which types of education and training have genuine labour market value, and which do not.<sup>28</sup> In early 2008, Michael Gove opposed the government's compulsion strategy. Yet his silence on the issue since suggests he may not, after all, be planning to abandon it.

25 Guardian, 'MPs attack plans to raise school leaving age', 14 January 2008.

26 A Wolf, 'Diminished returns: how raising the leaving age to 18 will harm young people and the economy', Policy Exchange, 2008.

27 T Spielhofer et al, 'Raising the participation age in education and training to 18: review of existing evidence of the benefits and challenges, DCSF, 2007.

28 A Wolf, 'Does education matter? Myths about education and economic growth', Penguin, 2002.

**CentreForum says:** It is understood that higher public spending does not lead, always and everywhere, to better outcomes. But this is an example of a case where it may well do actual harm. No one would argue that increasing the total amount of education and training undertaken is a laudable objective. But forcing people to undertake prescribed courses at particular times is not the way to do it. We agree with Professor Wolf's view that the money would be better spent giving people an education and training entitlement, to be taken up at the time, and in the place, of *their* choosing.

### **10) Do you want to see the university participation rate continue to rise, and if so, how will you pay for it?**

**Michael Gove says:** that a rising HE participation rate is a "noble" goal. It is also, unfortunately, an expensive one. University student numbers have been rising for decades, a trend that the introduction of tuition fees has done nothing to disturb.<sup>29</sup> Demand continues to outstrip supply: this summer, the number of applicants was up 60,000 on the previous year, yet the number of undergraduate places available rose by just 13,000.<sup>30</sup> At the 2009 Conservative party conference, David Willetts announced that he would seek to fund a further 10,000 places by encouraging graduates – through a 10 per cent discount on their loan repayments – to pay off their debts ahead of schedule, thus saving the taxpayer £300 million in interest subsidies. But with demand likely to go on rising and public spending set to fall, the next government will have to settle on a more sustainable policy. Essentially, there are three options: to continue to control the supply of places through the use of a quota system; to liberalise supply while maintaining existing funding levels, resulting in a reduction in per-student funding; or to liberalise both the supply and the price of university places so that a greater share of total costs falls on graduates (through student loan repayments). Based on his stated desire to see an increase in both the quantity and quality of higher education, it is not unreasonable to assume that Michael Gove favours the third, most liberalising option. But with a review of the higher education funding system promised (conveniently) for the other side of the election, he, like his Labour and Liberal Democrat counterparts, has so far decided to remain tight lipped on the issue.

29 J Astle, 'Open universities: a funding strategy for higher education', CentreForum, 2006.

30 BBC, 'Record top A-level grades awarded', 20 August 2009.

**CentreForum says:** if we want to increase the quality of our universities, the cap on fees needs to be lifted. This would allow fees to vary, as was originally intended, so those institutions which are competing globally can do so on more equal terms, while those institutions with a more local focus can compete, for the first time, on the basis of price. There is no reason to think this will damage access. Not only are students from low income families eligible for generous financial support, but all the evidence suggests that it is not cost that is keeping poorer students out of the system in the first place – it is low attainment at school.<sup>31</sup> As the Institute for Fiscal Studies has shown, rich and poor school leavers with the same A level results are equally likely to attend university; the problem is that they are not equally likely to get the same A levels.<sup>32</sup>

To make an increase in fees affordable, however, the government should scale back the student loan subsidy regime.<sup>33</sup> Loan repayments should remain at 9 per cent of earnings above the £15,000 threshold, and all outstanding debt should continue to be written off after 25 years. But there is no reason why all graduates, no matter how wealthy, should pay a zero per cent real interest rate on their debts. There is a case for offering this subsidy to those graduates whose incomes are high enough to trigger repayments (i.e. above £15,000 threshold) but too low to pay off anything other than interest, but everyone else should be asked to service their debts at the government borrowing rate. This would save the taxpayer an annual subsidy of almost £1 billion.

## Conclusion

We believe that Michael Gove's plans to reform state funded education in England represent a big step in the right direction. But we worry that insufficient radicalism combined with too little money could yet impede the successful implementation of those plans.

### **Insufficient radicalism:**

Despite his liberalising rhetoric, the main threat to the realisation of the Conservatives' vision of a decentralised and diverse schools system is Michael Gove's apparent disinclination to 'let a thousand flowers bloom'. His instinct to control schools from

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the centre, combined with his nervousness about following his market-based reforms to their logical conclusion, could result in him giving educators too little freedom, and parents too little power. Only 'big bang' liberalisation will, in our view, release our schools, colleges and universities from the dead hand of state control and unlock the potential of those who work and study in them.

### **Too little money:**

Even if Michael Gove's liberalising instincts do win out, the danger remains that only the sharp-elbowed middle classes will benefit from his reforms. If this is to be avoided – if the benefits of choice and competition are to reach those who have been systematically denied them by the current system – Michael Gove's structural reforms *must* be underpinned by a more progressive funding system. This means allocating more money to the poorest children, both in the crucial early years and throughout their compulsory schooling.

No one who listened to Mr Gove's recent speech 'The fierce urgency of now' would question his outrage at the deep inequalities that scar our education system.<sup>34</sup> Nor would they doubt his impatience to begin tackling those inequalities. But the size of the task should determine the scale of the response. Too much cutting and trimming – both financial and political – and the battle will be lost.

31 J Astle, 'Time's up: why the Liberal Democrats should end their opposition to tuition fees', CentreForum, 2008.

32 H Chowdry et al, 'Widening participation in higher education: using linked administrative data', IFS, 2008.

33 J Astle, 'Open universities', 2006.

34 Michael Gove, 'The fierce urgency of now', speech to Barnardo's children's charity, March 9 2009.