

Counting the cost of a fragmented school system: issues for the reform and leadership of the middle tier

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Report: *Understanding the Middle Tier: Comparative Costs of Academy and LA-maintained Sectors*

BELMAS RIGs
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Structure

1. How the middle tier works in England – conceptual framework
2. The cost of running the middle tiers for LA maintained schools and academies
3. What we can learn from how the middle tier works in four high performing school systems
4. The implications for the MAT model
5. Issues for the reform and leadership of the middle tier

Definition of Middle Tier

The systems of support and accountability connecting publicly-funded local authority maintained schools and academies with the Department for Education (DfE).

Team

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- Jonathan Crossley-Holland (Education Consultant)
- Julie Cordiner (Education Funding Consultant)
- Dr Susan Cousin (Education Consultant)
- Professor Peter Earley (UCL Institute of Education)

Conceptual framework

- functional analysis (Cousin, 2019)

- ‘functional decentralisation’

“decision-making may be decentralised in certain activities and centralised in others” (OECD, 2018: 412)

- system governance needs to balance tensions between:

consistency and flexibility

excellence and equity

competition and collaboration

innovation and compliance

measurable outcomes and wider educational purposes

- system coherence and alignment of interests

'Middle tier' functions in England

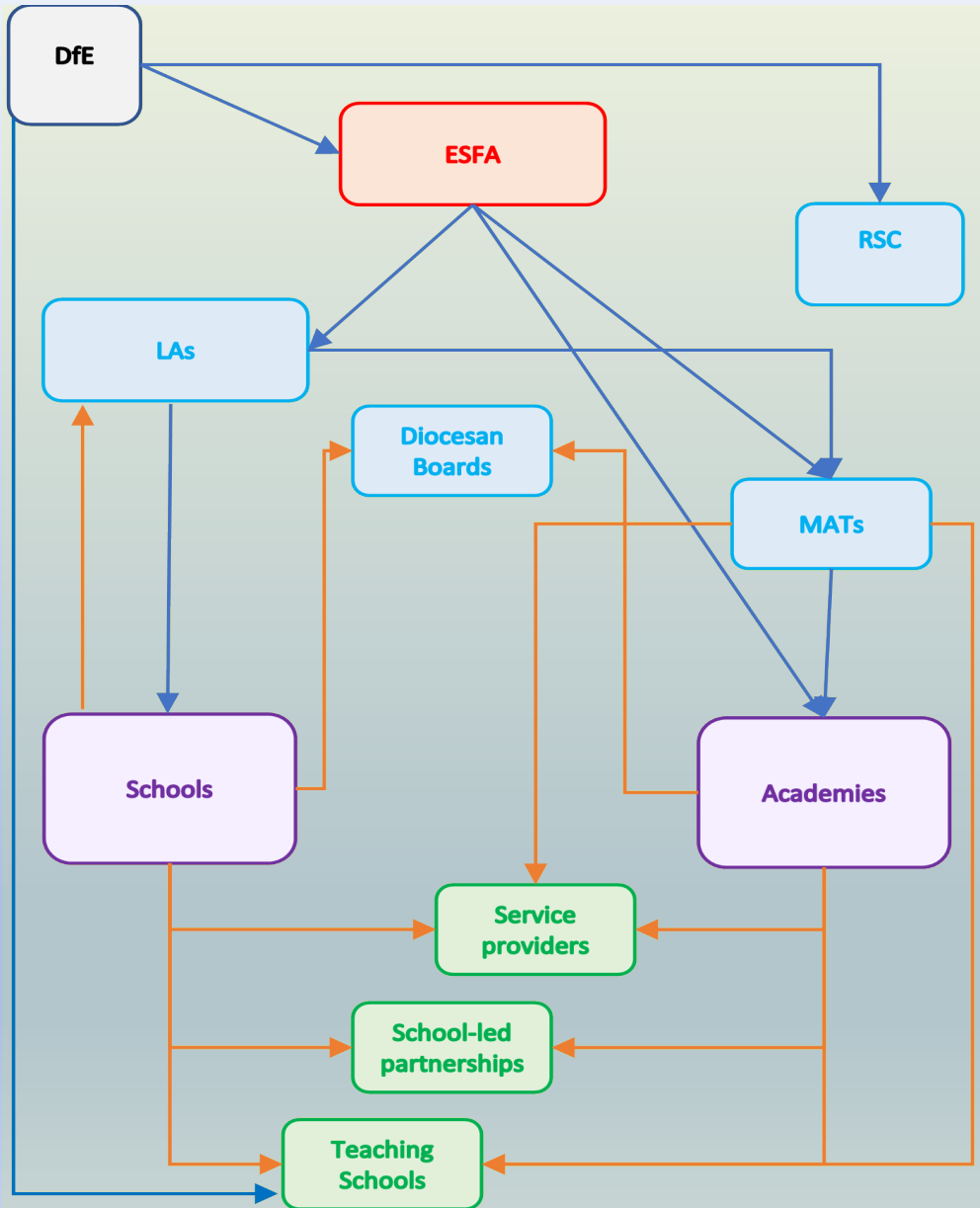
Finance	Accountability	Access	People
<p>Allocating finances - ESFA, LA, MAT</p> <p>Accounting - ESFA, LA, MAT</p> <p>Financial monitoring - ESFA, LA, MAT, Dioceses</p> <p>Finance returns - ESFA, LA, MAT</p> <p>Intervening in financial issues - ESFA, LA, Diocese</p> <p>Audit - LA, MAT</p> <p>Allocating grants - ESFA</p> <p>Bidding for grants - LA, MAT</p>	<p>Monitoring standards - RSC, LA, Dioceses, MAT</p> <p>School improvement - NCTL, LA, MAT,</p> <p>Complaints - LA, ESFA, Dioceses</p> <p>External Reviews - ESFA, RSC, LA, MAT, Dioceses</p> <p>Governance support - LA, MAT, NCTL, Dioceses</p> <p>Intervention - LA, RSC, Dioceses</p> <p>Liaison with DfE agencies - MAT, LA, Diocese</p>	<p>Admissions & appeals - LA, MAT, Dioceses</p> <p>Curriculum - MAT, LA, Dioceses</p> <p>SEN - LA</p> <p>Educational welfare - LA</p> <p>Place planning - LA</p> <p>Buildings & grounds - MAT, LA, Dioceses</p>	<p>Recruitment - NCTL, MAT, LA</p> <p>Training and development - NCTL, MAT, LA</p> <p>Initial teacher training - NCTL</p> <p>NQT induction - NCTL, MAT, LA, Dioceses</p> <p>HR - LA, MAT, Dioceses</p>

The Research

October 2018 to March 2019

1. Analysed 2016/17 financial data:
 - Top down – the costs for the main organisations in the middle tier
 - Bottom up - analysing all LA school/academy funding & expenditure between front line and middle tier elements
 - Salary of the highest paid person in 220 MATs
2. Explored issues in three areas: a metropolitan district, a shire county and a London borough
3. Examined middle tier functions in high performing international systems – Singapore, Finland, Estonia, Ontario

How funding for the Middle Tier flows



Functions:

Support and Accountability

Support

Accountability

Flows:



= DfE funding



= Functions

purchased

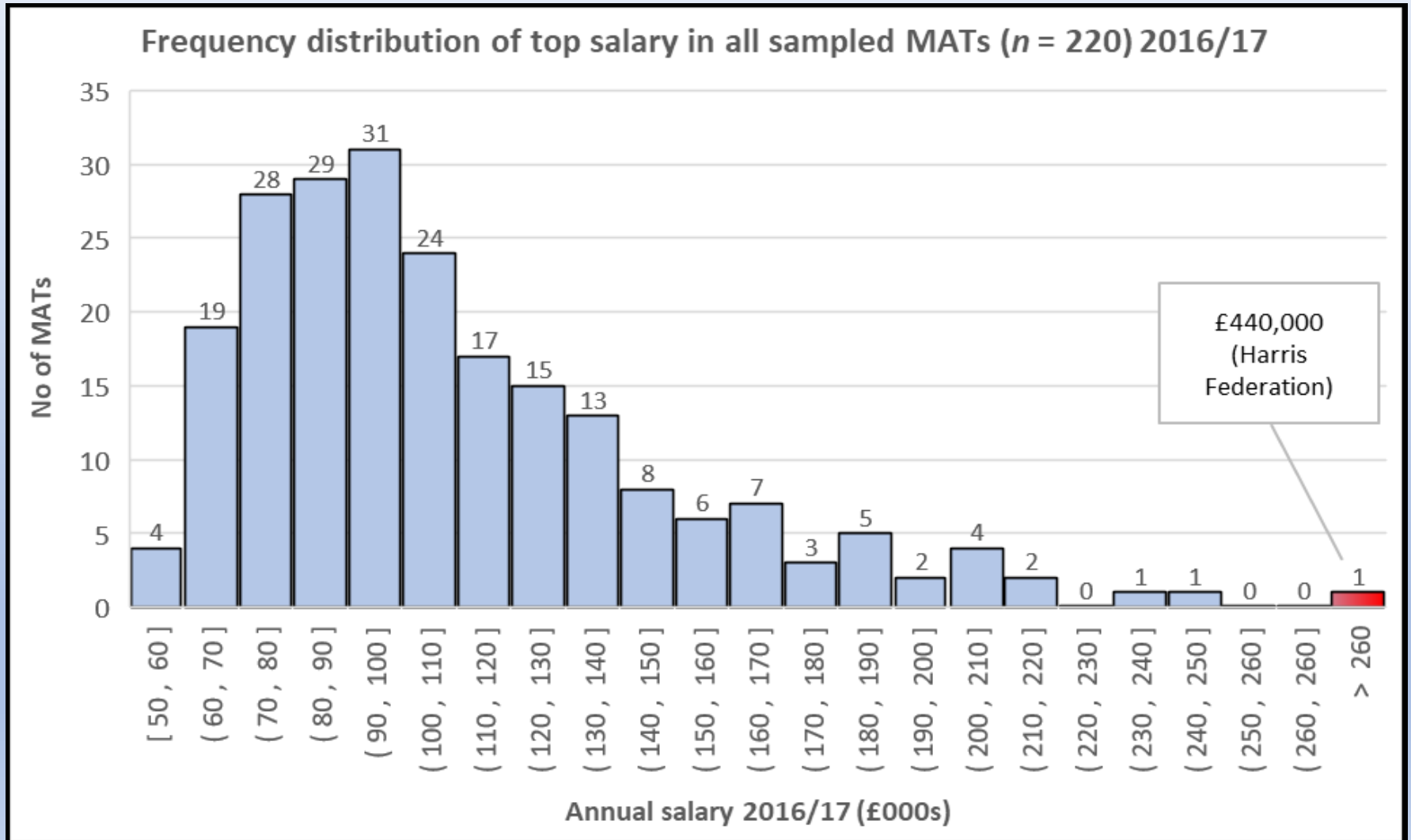
Our research studied 19,452 schools

2016/17	Primary		Secondary		Total	
	Number	% of total	Number	% of total	Number	% of total
LA schools	12,544	78	1,030	31	13,574	70
Single academy trusts	882	5	1,125	34	2,007	9
Small MAT (2-5)	1,138	7	582	18	1,720	9
Medium MAT (6-10)	679	4	229	7	908	5
Large MAT (11+)	903	6	340	10	1,243	6
Total MATs	2,720	17	1,151	35	3,871	20
All academies	3,602	22	2,276	69	5,878	30
Schools + academies	16,146	100	3,306	100	19,452	100

Costs of the Middle Tiers: 44% more for academies than LA schools

	Total costs		Costs per pupil	
* estimate	LA schools	Academies	LA schools	Academies
	<u>£m</u>	<u>£m</u>	<u>£</u>	<u>£</u>
Grants paid directly to academy trusts for middle tier functions		356.8		94.53
Academy conversion costs DfE and ESFA		14.6		3.87
ESFA reimbursement of converter deficits		1.4		0.37
Local authority conversion costs		5.9		1.55
RSC 10:90 LA school/academy split*	3.1	28.1	0.68	7.44
ESFA 25:75 LA school/academy split*	16	48	3.51	12.72
NCTL 28:72 LA school/academy split*	18.3	46.9	4.00	12.44
Local authority statutory duties	488.1	79.1	106.98	20.97
MAT middle tier 2.5%*		340.3		90.17
Less: Education Support Grant		(233.7)		(77.00)
<u>GRAND TOTALS</u>	<u>525.4</u>	<u>687.4</u>	<u>115.17</u>	<u>167.05</u>

MAT leader salaries



MAT leader salary – no on-costs

Size of MAT	Average MAT leader salary £, 2016/17 (n=220)		
	Salary £	Per-academy £	Per-pupil £
Large (11+ academies)	146,056	7,500	21.30
Medium (6-10 academies)	104,348	14,350	45.65
Small (2-5 academies)	97,870	36,562	85.00
MATs with 1 academy	88,546	88,546	126.00
LA DCS of small LAs n=18	99,164	1,913	4.31

Academy trusts – DfE October 2019

Trust Size	Number of academies, free schools	% of academies	Number of Trusts	% of Trusts
1 academy	1,539	17.2%	1,539	56.3%
2	546	6.1%	273	10.0%
3-5	1,914	21.4%	505	18.5%
6-10	1,928	21.6%	261	9.5%
11-20	1,528	17.1%	110	4.0%
21-30	701	7.9%	28	1.0%
31-40	389	4.4%	11	0.4%
41+	379	4.2%	7	0.3%
Total	8,924	100%	2,734	100%

MAT: role and cost

MAT M-T Role: Governance, budgets, improvement, growth.

Cost: Estimated (conservatively) 2.5% top-sliced
Trust academies (excl. services with 4-5%)

Funds typically: CEO, CFO, sch. improvement lead, governance
and admin support.

TOTAL 16/17: est. £340.3m or £90.17 per pupil

Large MATs were the most expensive

- Secondary academies in large MATs have proportionately more leaders: 132.1 pupils per leader compared to 145.4 pupils per leader for LA maintained schools. 51% higher admin/clerical costs
- Pupil-teacher ratios are broadly similar for LA schools and academies on average – but LA schools have higher levels of additional and special needs, and more in rural areas
- Highest academy costs per pupil were in large MATs
 - In primary, 6.5% higher than in a medium MAT (6-10 academies) and 7.7% higher than in a small MAT (2-5 academies)
 - In secondary, 10.4% higher than a medium MAT and 11.9% higher than a small MAT.

Do take on most failing academies.

MAT cost/efficiency issues for the system

- It has generated a large increase in the number of senior managers. 776 in 2016/17 counting MAT CEOs alone (1195 by Oct 19)
- De-regulation has allowed inflated salaries for a significant number of CEOs, often unrelated to performance or size of MAT.
- This appears to have contributed to upward pressure on Headteacher salaries. In 2018, The OECD country report (2018) noted that headteachers in England earn 2x the salary of teachers. The highest premium in the OECD.
- The system lacks flexibility and equity as resources are allocated to and controlled by individual MATs with no coordination or adjustment as needs in an area change. One MAT in the study, with 31 academies, had 74 supernumerary teachers.
- 25% of failed academies in 16/17 had been without a sponsor for more than a year.

Discuss

- Any responses or questions?

High performing school systems

- **Ontario** (Canada), **Estonia**, **Finland** and **Singapore**
- Programme for International Student Assessment (PISA) 2015
- Singapore top in all three subjects in 2015 (science, mathematics, reading)
- Finland, Estonia and Canada are the only non-Asian nations to reach any of the top 5 rankings
- A successful system is one with both **high achievement** and **high equity** (OECD)
- Only 7 jurisdictions have 9/10 15-year olds with baseline proficiency in all three subjects (OECD, 2016: 4)
- The equity of a system is the percentage of *resilient* students, those “*in the bottom quarter of the PISA index of economic, social and cultural status in the country of assessment [who] perform in the top quarter of students among all countries, after accounting for SES* (OECD, 2013: 194). The highest scorers are Canada (8.3%) Finland (8.1%)

Data sources

- Published literature on educational systems
- OECD comparisons and case studies
- Government websites of each country
- Interviews with experts/practitioners in each country

Accountability systems

- wide variation in accountability systems: bottom-up Estonian and Finnish systems to 'tight-loose-tight' of Singapore
- all have experienced education professionals at a level between school and state - superintendent (Ontario), the Director of Education (Finland), cluster lead (Singapore), regional counselling centres (Estonia)
- these roles differ in the balance of accountability and support, but in all, quality assurance is based on **steering** rather than **control**
- no national school inspections
- use of data to **rank** academies has been replaced with a school excellence or **self-evaluation** model - a school's improvement plan is agreed with the 'middle tier' and monitored throughout the year
- the ideology is to steer through **information, support, training and funding**

Self-evaluation: a strong focus

- **Ontario** Superintendent visits three x per year. The *School Effectiveness Framework K-12* (2013) provides a structure for monitoring school improvement, teaching strategies and student achievement.
- **Estonia** SE once every 3 years
- **Finland** The municipality plans and implements school evaluations, encourages cooperation between academies and protect academies, teachers, and children from ‘unhealthy competition’.
- **Singapore**: “no single accountability model could fit all academies”. The TDLN reform organised academies into geographic clusters with more autonomy: successful principals appointed as “cluster superintendents” to mentor others and promote innovation (OECD, 2010: 163)
- The School Excellence Model (SEM) was launched in 2000 and gave academies and leaders more decision-making power to adapt teaching, learning and school environments in response to students’ needs (Huang et al, 2019)

Quality assurance

- ongoing close monitoring of academies by LAs is **cost effective** (the total annual national budget for assessment in Finland is less than \$5 M (Sahlberg, 2015: 95))
- all four systems have rigorous teacher performance **appraisal** involving the local or district level to monitor performance against the school's annual plan
- **close monitoring** by education professionals: e.g. in Finland , school leaders, staff and Board formally review the School Improvement Plan, assess data and evidence of impact and conduct school learning walks to observe visible learning and engage student voices
- In Singapore, the cluster leads visit academies weekly

Special Educational Needs (SEN)

‘**Levelling up**’: all students required to meet the standards expected of the elite students

- **Finland** moved from streaming in the 1970s. SEN is part of all teacher training curricula
- **Estonia** SEN in mainstream academies, with 13 municipally-run special education academies for extreme disabilities
- **Ontario** ring-fenced grants to ensure districts are culturally responsive and establish support to increase outcomes
- **Singapore** moved from streaming to early diagnosis + additional support

Equal access and success of all students overseen at district level

Initial teacher education

Strict control over the quality of applicants at their entry - 1/100 applicants accepted in Finland; top 5% of graduates in Singapore

- **Singapore** one educator training institution (NIE). Acceptances match labour market needs. Teachers are appointed to academies so all academies have a fair share of the best teachers
- **Finland** all teachers Masters level (5 years of HE). ITT offered at 8 research universities. Teachers are trusted to design curricula and assessment because the ITT curriculum includes: educational psychology and sociology, curriculum theory, student assessment, special needs education, and didactics (pedagogical content knowledge) in their selected subject areas
- **Ontario** newly mandated two-year pre-service teaching programme for graduates. 13 designated Universities. Ensure teachers are able to develop pedagogical strategies to promote deep learning and 21st century competencies. High teacher retention and falling student numbers have led to an over-supply.
- **Estonia** leaders trained at the University of Tartu and the University of Tallinn (MA). Predicted teacher shortage as 48% of teachers are over the age of 50 and recruitment is low (relatively low wages)

Results from the Teaching and Learning International Survey (TALIS) show that teachers in these four jurisdictions have **high-status** in society, all ranking above England which was placed 11th on this measure (OECD, 2013)

Teacher Pay

- Teacher pay is the only element of funding which the OECD link to system performance
- In half of the OECD countries and economies with available data there is extra pay for working in unpopular areas
- Heads in England earn more than twice the salary of teachers and other tertiary educated workers, the highest premium for school headteachers across the OECD
- Teachers in the UK earn less than the OECD average at all levels of education
- In contrast to the trend across the OECD, teachers' statutory salaries in England fell in real terms between 2005 and 2017 (by 10%)
- Teachers in English primary academies are the youngest of any country in the OECD; in lower secondary, they are the second youngest after Turkey

Leadership from the Middle

- ‘a deliberate strategy that increases the capacity and internal coherence of the middle as it becomes a more effective partner upward to the state and downward to its academies and communities, in pursuit of greater system performance’ (Fullan, 2015: 24).
- ‘The key reason why reform fails to become widespread and sustained is that the infrastructure is weak, unhelpful, or working at cross-purposes. By the infrastructure, I mean the next layer above whatever unit we are focusing on’ (Fullan, 2000: 15)
- top-down leadership doesn’t last due to lack of sustainable buy-in from professionals; bottom-up change (e.g. school autonomy) doesn’t result in overall system improvement: some academies improve, others don’t and the gap between high and low performers grows wider

Issues for Reform and Leadership of the Middle Tier: Context

System governance needs to balance tensions between:

- consistency and flexibility
- excellence and equity
- competition and collaboration
- innovation and compliance
- measurable outcomes and wider educational purposes
- stakeholders - academies, parents/pupils, community, central govt.

Specific issues arise within 2 competing and overlapping approaches:

1. A market-driven, lighter regulated, vertically accountable system, but changing!
2. A community based, planned, partially locally accountable one

Discuss: Have we devolved the right functions to the right level?

Finance: Can the market model be less costly and more flexible?

Access: How to deliver equity, especially for vulnerable pupils?

People: How much is recruitment, retention and PD a middle tier issue?

Accountability: to whom and for what?

The Argument for Locality Solutions

- Lady Simon said in 1949, *“The most obstinate of the problems of educational administration is how to combine local knowledge, initiative and accessibility with an area large enough to provide a satisfactory unit”*.
- Facilitates effective collaboration for school improvement.
- Strengthens joined up programmes for vulnerable pupils.
- Increases scope to replace vertical with horizontal accountability with possible impact on teacher workloads and sense of ownership.
- Academies and their communities better known, reduces dependence on raw data.
- Enables stronger links with local strategies; e.g skills, knife crime
- Cost advantages.
- Strengthens accessibility for parents and local community
- An important part of the wider devolution agenda
- Place matters but how big 8,10,30,60,142, 444 districts?

Five ideas (part 1)

1. Labour Manifesto

- Oversight and coordination, incl. of peer to peer sch. improvement, modelled on the London Challenge carried out by regional offices of the National Education Service (NES)
- Responsibility for delivery of education and support for young people will sit with LAs, incl. resp. for admissions, school places, new schs
- Day to day school decisions overseen by accountable governing bodies with elected representatives

2. NVEG refinement

- NES led politically but with delivery resp. of education professionals led National Council advised by churches, schs, LAs.
- Local functions overseen by Regional Schools Council (size 150000 - 1m) incl. admissions, sch. Places, SEND, poss. Sch funding, sch. improvement, intervention oversight of school budgets.

Five ideas (part 2)

3. Liberal Democrat Manifesto

- LAs resp. for education and the power and resources to act as **Strategic Education Authorities** for their area, incl. resp. for places, exclusions, admissions and SEN. MATS to be inspected, new sch. capital funding to LAs - power to open new community schools.

4. Local Education Boards (Gann, 2016; Allen and Gann, 2018)

- Local Education Boards to replace both existing LAs and RSCs. Responsible directly to Parliament for their performance, and subject to inspection against agreed criteria, including achievement levels across the locality.

5. Richmond's *Trust Issues* 2019

- All schools called 'state academies'; be a separate legal entity with a governing body; funded directly by the DfE; all free to join any existing or new type of collaboration eg 'local academies trust'. MATs renamed 'national school trusts'. 35 'Local academies Commissioners'. LAs act as a 'champion' for all children in the area; control admissions

Recommendations

The main recommendation is for an urgent debate about the how the middle tier can be reformed, drawing on best practice to be more cost effective, to ensure greater collaboration, clarity of roles and coherence to deliver improved performance and equity for pupils. In addition:

1. There should be a comprehensive review of the cost effectiveness of the MAT model in undertaking their middle tier role to ensure it is fit for purpose.
2. The setting of salaries of MAT CEOs should be subject to a framework eg the School Teachers' Review Body.
3. The grants to pay for middle tier functions should be equitably distributed between academies and LA schools, according to need.

Recommendations continued

4. There should be improved funding and accountability to ensure the fulfilment of the statutory duty to champion children, especially vulnerable learners and those with SEN.
5. School-led partnerships should be encouraged. They need to be accountable locally and financially sustainable so that they provide challenge as well as support for the improvement of all academies.
6. Access to effective CPD, sharing practice and school improvement services in a local area needs to be fairly distributed and strategically planned.
7. The DfE and its agencies should have the confidence to allow greater transparency and consistency in the publication of financial information.
8. There should be regular analyses of the costs of the middle tier, based on the methodology that our research has developed.

In conclusion

Our research has found a complex and confusing picture. We agree with the Public Accounts Committee report of July 2018 judgement:

- *The Department's arrangements for oversight of academies are fragmented and incoherent, leading to inefficiency for government and confusion for academies.*

As one of our interviewees said,

- *'There needs to be glue to stick everything together in this disjointed system. The difficulty is in finding a body to have the glue role and who can manage conflicts of interest'*

What are your thoughts?

Thanks for coming. Email s.bubb@ucl.ac.uk
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