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How new is New Labour?

The quasi-market and English schools 1997 to 2001

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Abstract

This paper focuses on the reforms made to the quasi-market in school-based education in England that occurred between May 1997 and May 2001. It discusses the changes that have taken place in relation to parental choice, admissions to schools, school diversity, funding and examination 'league tables'. The Labour Government can be seen as having embraced the quasi-market with a similar enthusiasm to that of its Conservative predecessors although it has tended to emphasise social inclusion as opposed to competition. While it has attempted to soften the edges of the quasi-market it has not tackled some of its major deficiencies such as the power schools that are their own admission authorities have to distort the admissions process.

Introduction

During the Conservative administrations between 1979 and 1997, major education reforms took place and market principles were introduced into the English state school system. In May 1997, a new Labour Government that gave a high political profile to education was elected into office. This paper examines the reforms to the market-oriented system that have taken place between May 1997 and May 2001. We argue that the Labour Government has continued with the market-oriented philosophy of its predecessors although it has made some legislative and policy changes in doing so. We focus in particular on the impact on equity of the recent reforms and discuss the policy changes that are needed to ensure that the system is fairer.

Significant legislative and policy changes took place in education under previous Conservative governments. Legislation enacted in 1980 gave a much greater priority to parental choice than previously and the 1988 Education Reform Act introduced further reforms. These two pieces of legislation created a market-oriented system in education by encouraging competition between schools, by introducing new types of schools, delegating budgets to schools (determined largely on the basis of the number of pupils enrolled), and – at least in theory – increasing the power of parents in relation to choice of schools.

Because the markets that have been introduced differ from traditional markets, they have been termed ‘quasi-markets’ by some researchers. Le Grand and Bartlett (1993) discuss this concept, noting that as they differ from conventional markets in a number of key ways, they should be termed ‘quasi-markets’. There are differences on the supply and demand sides. On the supply side, as with conventional markets, there is competition between providers. In the case of schools there is therefore competition between the institutions for ‘customers’ (i.e. pupils or their proxies, their parents). However, in contrast to organisations in conventional markets, state schools are not profit-making. On the demand side, consumer purchasing power is not expressed in terms of money. Instead it takes the form of an earmarked budget restricted to the purchase of a specific service. This has been termed a quasi-voucher by some researchers because it differs in one important respect from a conventional voucher. A conventional voucher is a physical coupon which transfers purchasing power to the consumer but does not actually transfer money as this is paid directly to the provider (e.g. school). A quasi-voucher, on the other hand, is a cash amount paid directly to the provider without the consumer receiving a physical coupon. The Conservative reforms were designed to bring market forces into the school-based education system and to make it more consumer-oriented. The emphasis on consumer choice was anchored in an overarching belief in the superiority of market forces as a means of organising education and society generally.

Research carried out in the 1990s on the reforms have highlighted major concerns in terms of both equity and social justice in the operation of the quasi-market. In general, higher ability pupils and schools with more advantaged school intakes benefited from the market-oriented philosophy (see for example, Walford & Miller, 1991; Whitty et al., 1993; Fitz et al., 1993; Gewirtz et al., 1995; Woods et al., 1998). Given that a market system is driven by competition for resources such an uneven outcome was not seen as unacceptable (Gewirtz et al. 1995).

Recent research has tended to focus less on markets *per se* and more on stratification as a result of the introduction of market principles into the education system, with some finding decreasing (Gorard & Fitz, 2000) and some increasing stratification in terms of indicators of poverty (Noden, 2000). However, even in those studies that have found reducing stratification overall, it is clear that in some local education authorities (LEAs) there has been increasing stratification (Gorard & Fitz, 2000), suggesting that there is considerable local

variation. On *a priori* grounds this is likely to be the result of the way in which quasi-markets are structured and operate in different parts of the country.

When the Labour Party came to power in 1997 it committed itself to making changes to aspects of the quasi-market – particularly in the area of school admissions. However, as Chitty & Dunford (1999) note: ‘It is possible to argue that New Labour has accepted much of the Conservative Government’s education agenda...on a broad front, the Conservative education programme has remained remarkably intact’ (p. 150).

In this paper, we focus on several key aspects of the Labour education reforms. The following section explores school admissions and parental choice. This is followed by a discussion of school diversity. The funding of schools is examined next and then changes to examination ‘league tables’ are explored. The final section discusses the implications for equity of the policy changes.

School admissions and parental choice

During the period of the last Conservative administration a variety of concerns were expressed about the administration of school admissions in various parts of the country, the lack of policy co-ordination and equity issues (see Audit Commission, 1996; Gewirtz et al., 1995; West & Pennell, 1997). More specifically, Bush et al. (1993) noted that around a third of oversubscribed grant-maintained comprehensive schools in their sample were discriminating between applicants on the basis of parent and/or pupil interviews or on the basis of assessments of various types. In a survey of 222 grant-maintained schools Cauldwell & Reid (1996) found that a quarter of headteachers reported changes to their schools’ admissions policies, a third claimed no change whilst two-fifths declined to comment. And Gewirtz et al. (1995) reported on the various mechanisms that schools have at their disposal for informally selecting pupils, noting that their evidence suggested that the market was ‘increasing the potential’ (p. 161) for informal selection to occur.

West et al. (1998) discussed the problems associated with admissions noting that there were a number of prerequisites for the admissions process to be transparent, predictable, equitable and accountable – including monitoring and auditing of admissions and not permitting policies and practices that provide opportunities for schools to ‘select’ and ‘select out’ pupils.

The Labour Party in its 1997 election manifesto committed itself to an open and fair system of admissions to schools and following on from this the 1998 School Standards and Framework Act set a new legal framework for admissions. Associated with this is a Code of Practice on School Admissions. These can be seen as an attempt to alleviate problems created by the development of a largely unregulated education quasi-market. The Act also provides a new mechanism – the adjudicator – for resolving local disputes in relation to, amongst other issues, school admissions. It reduces the scope for partial selection by ruling out the introduction of new selection on grounds of ability other than by ‘fair banding’ (on the basis of pupils’ attainment/ability) and allows new priority on the basis of aptitude in limited circumstances (see below). It also enables objections to partially selective admissions to be made to adjudicators by admission authorities¹ and in the case of certain existing partially selective arrangements, by parents.

The Code of Practice states that schools or admission authorities should not interview parents as any part of the application or admission process, although church schools may do so, but only in order to establish a person’s religion, religious denomination or religious practice. The content and conduct of the interview can be used in any appeal against an unsuccessful application; this development suggests an acceptance by the Government that interviews may not be used for the purpose intended. Another development is that parents have a right of appeal to an independent panel – this was not the case for all school types under the previous Conservative administrations.

Recent research suggests that these legislative and policy changes have had some positive impact in terms of making the Conservative quasi-market reforms somewhat more equitable (West & Ingram, 2001). Some schools are now no longer permitted to select as many pupils on the basis of ability as they were previously and a number of other admissions criteria have been deemed unacceptable by the schools adjudicator – for example, interviewing *pupils* and giving priority to the children of employees or former students of the school (the latter may contravene the Race Relations Act 1976). Notwithstanding this, the evidence suggests that for the admissions process to be substantially more equitable, stronger legislation and a proactive rather than a reactive regulatory system are needed.

In conclusion, the 1998 School Standards and Framework Act and Code of Practice provide a framework for school admissions. Although there are limitations on interviews, the fact that they can continue for religious schools still leaves the door open for informal selection to continue. Further, whilst any increase in partial selection on the basis of ability is also ruled out, it may continue where it currently exists. However, new selection on the grounds of aptitude for specific subjects is allowed in schools with a specialism so long as the proportion does not exceed 10% of the intake. This is problematic as it does not appear to be feasible to differentiate between ‘ability’ and ‘aptitude’ (Coffey & Whetton, 1996; West et al., 2000a; West & Ingram, 2001) and, therefore, such selection could still be used as a mechanism of selecting pupils on social grounds.

School diversity

This section examines the changes that have been made to the structure of the school system in England. We focus on grant-maintained schools and then on specialist schools before examining other types of diversity.

Grant-maintained schools

At the end of the previous Conservative administration around 20% of secondary schools had opted out of local education authority control and become ‘grant-maintained’, receiving funding direct from the Government (see West & Pennell, 1997; Walford, 2000). There were considerable financial incentives (revenue and capital) associated with becoming grant-maintained. The 1998 School Standards and Framework Act abolished grant-maintained status and from September 1999 schools were designated as one of three new types of school – community (formerly county), voluntary (aided or controlled) and foundation schools. Grant-maintained schools have mostly become foundation schools although some have reverted to voluntary-aided status².

Although grant-maintained status has been abolished, the financial situation of these schools has been, and continues to be, protected by what is known as ‘transitional funding’. For some schools the amounts received are substantial (West et al., 2000b). Moreover, the Government did not remove the responsibilities associated with the status – in particular, such schools remain ‘admission authorities’ and so are responsible for who is admitted to the

school. It is thus clear that on two fronts – protected levels of funding and control over admissions – there are persistent structural and operational inequalities.

Specialist schools

The previous Conservative Government encouraged existing schools to specialise in particular curriculum areas such as music, art, drama and sport (DfE, 1992). The setting aside of a small number of places³ for pupils with a particular aptitude was taken up by a number of schools around the country with specialist places being offered in a variety of subjects such as modern foreign languages, music, arts, sport and drama. The Technology Colleges Programme, introduced in 1993, was an extension of the policy of encouraging specialisation and was designed to help secondary schools to specialise in technology, science and mathematics. At first, only grant-maintained and voluntary-aided schools were eligible to apply, but in the following year all maintained schools became eligible. The programme was later extended to cover modern foreign languages, sports and arts. In 1997, the Labour Government re-launched the programme with a focus on the sharing of specialist expertise and facilities by specialist schools with other schools and with the local community.

Schools wishing to specialise in this way are required to raise about £50,000 (prior to July 1999 the amount was £100,000) of sponsorship towards the cost of a capital project to improve their facilities for the specialist area(s). Once specialist status is conferred schools are eligible to receive additional capital and current grants from central government to complement business sponsorship.

As at 1 September 2000, there were 535 specialist schools or 15% of all eligible secondary schools. The number of specialist schools was to have risen to 1000 nationally by 2004 (over a quarter of all secondary schools) but the recent Green Paper, ‘Building on Success’ (2001) states: ‘We now want to accelerate that target, so that there will be 1,000 by 2003...By 2006, we will seek to increase the number of specialist schools further, to 1,500’ (p. 47). The specialisms are also to be broadened to include engineering; science; and business and enterprise⁴. Whilst specialist schools are under-represented in inner city areas (DfEE, 1999b), in the future there is to be more of a focus on those serving city areas.

Nearly all existing specialist schools are officially classified as comprehensive schools that accept pupils across a wide range of ability. However, under the School Standards and Framework Act 1998, there is provision for schools with a specialism (and this includes specialist schools) to select up to 10% of pupils by aptitude in the relevant specialism as long as this is not misused to select pupils on the basis of general academic ability. A national evaluation of the programme (West et al., 2000a) found that in only 7% of the sample surveyed was selection by aptitude in the specialist subject reported, although this had only rarely been introduced as a result of having acquired specialist school status.

Recent research by Jesson (2001) found that specialist schools⁵ averaged 53% General Certificate of Secondary Education (GCSE) examination passes at grades A* to C compared with 43% for all other comprehensives⁶. This was not accounted for by differences in attainment levels of the intakes (using the results of key stage 2 tests taken at age 11). In terms of GCSE point score, specialist schools were also found to be performing better than other comprehensive schools. Jesson's work also suggests that specialist schools achieve a 'value added' between the end of key stage 3 (age 14 years) and GCSE (age 16 years) of +3.3 percentage points compared with -0.7 for all other comprehensives.

It is not clear what accounts for the superior overall performance of specialist schools. However, there are a number of possibilities. In particular, they receive additional funds and although the evidence of the link between expenditure and results is not clear cut (see Vignoles et al., 2000) this does not mean that there is no such link (see West et al., 2001); those specialist schools that were originally grant-maintained also received – and continue to receive – additional funding. In addition, there may also be an element of social selection in schools that are their own admission authorities – notably foundation and voluntary-aided schools. It is also important to note that the specialist school programme involves a bidding process and only certain schools will be in a position to submit a proposal and of these, only a proportion will be successful. This is likely to favour schools with a good track record in terms of examination results. As Yeomans et al. (2000) note, funding for the programme 'has not been compensatory, it has not been directed to 'struggling' or 'failing' schools' (p. 17). Indeed amongst those specialist schools that were in operation in September 1997, the levels of disadvantage, as measured by eligibility for free school meals, were on average lower than in other schools. This may have been due, in the early days of the programme at least, to the restriction of specialist status to schools that were grant-maintained or voluntary-aided.

Since the Labour Government re-launched the programme, there has been an increasing emphasis on co-operation between schools. West et al. (2000a) found that 80% of specialist schools reported outreach work with primary schools but only 58% reported outreach with secondary schools. One reason for this is the competitive market in which secondary schools now operate; as Yeomans et al. (2000) note:

Local competitive pressure did however, hamper links with neighbouring secondary schools. One [Technology College] director admitted candidly that they would not invite competitor schools to use their facilities (p. 44).

In summary, although there have been shifts in terms of the focus of the specialist schools programme, with a requirement for such schools to co-operate with others, the programme is clearly a continuation of previous Conservative market-oriented policy with an emphasis on rewarding schools that can already be construed as being 'successful'. However, some changes have been made that may enable schools in a less privileged position to benefit from specialist schools status - less money now has to be raised from sponsors and there has been a shift towards more specialist schools being located in deprived inner city areas. If the evidence continues to show advantages of specialist over non-specialist schools, the argument that all schools should benefit from additional targeted resources will become stronger.

Other types of schools

The diversity of schools has also been increased, since 1997, by the inclusion of 11 independent religious schools into the state-maintained sector. Of these, two are Muslim schools, two Sikh, one Greek Orthodox, one Seventh Day Adventist and five Jewish. All schools coming into the state sector have to comply with the statutory provisions governing maintained schools, including delivery of the national curriculum (DfEE, 2000b). Under the previous Conservative administration, all of the new 'sponsored' (religious grant-maintained) schools that entered the state sector were either Roman Catholic or Jewish and 'thus showed no decisive break with the past' (Walford, 2000, p. 92).

Another even more significant change in policy may have been heralded by a school for disaffected pupils in Birmingham which became state-maintained in August 1997. This, in

effect, had been an ‘alternative’ voluntary provider of education for around 40 young people. As Walford (2000) suggests, enabling schools such as this to be set up would be ‘much closer to the way in which many Charter Schools have been established in the USA. It would mark a significant break with the past ...’ (p. 108).

Charter schools in the US come into existence through a contract with a state agency or a local school board (broadly similar to an LEA). The charter or contract establishes a framework within which schools will operate and provides public funding for a specified period of time. It gives schools considerable autonomy in their operation and there are fewer regulations to adhere to than for other publicly-funded schools, but the school is held accountable for achieving certain specified goals including student performance. These schools tend to be very small but are increasing in number within the US (RPP International, 2000). An early concern about charter schools was that they would ‘lure the best and the brightest pupils away from existing public schools’. However, research suggests that they serve a diverse student population (Education Commission of the States, 1998).

This brings us on to another recent government initiative in England, namely city academies. The aim is for these schools to replace schools that are failing or schools that need ‘an extra boost’ (*The Times Educational Supplement*, 2000). They build on the experience of city technology colleges and specialist schools in England and charter schools in the US. These schools are to be publicly-funded independent schools with private and voluntary sector sponsorship and management. The amount of funding required is high (around 20% of initial capital costs or up to about £2 million). However, it is not clear why it is thought that the new city academies will fare any better in raising sponsorship from the private sector than city technology colleges did in the past (see Whitty et al. 1993). The new city academies cannot be established without substantial sums of money being made available by sponsors. By way of contrast, in the USA, the vast majority of charter schools receive federal funding (which requires them to adhere to certain regulations) and the bodies that set up such schools include non-profit agencies and community groups of various types (US Department of Education, 2001).

City academies are specifically designed to ‘break the chronic cycle of educational underachievement’ in inner cities (DfEE, 2000d). As with both specialist schools and city technology colleges, city academies will have a specialist focus in at least one area of the

curriculum and as with specialist schools the aim is for them to share expertise and resources with other schools in the area. They will not be academically selective, although as with specialist schools they will be able to select up to 10% of their intake on the basis of pupils' aptitude in the school's specialism (DfEE, 2000g) and the city academies prospectus states that: 'We also expect City Academies to play their part in supporting challenging pupils' (section 2).

Funding of schools

The Education Reform Act 1988 had a major impact on the way in which resources were allocated to schools by local authorities under local management of schools (LMS). In April 1999, the Labour Government introduced a new approach to the distribution of funds to schools by local authorities called 'Fair Funding'. This system is different from the previous system of LMS in that it requires more delegation of funds from the LEA to the school with expenditure on central education services being strictly regulated (for a full description and analysis of LMS, see Levačić, 1995). It also means that levels of delegation to all school types – including the former grant-maintained schools – is now similar (apart from the 'transitional funding' referred to earlier) and this may be a reason why the term 'Fair Funding' was coined.

The proposals involve a significant increase in the level of financial delegation to schools in respect of building work, the school meals service, some central support services, ancillary services, and curriculum, advisory and training services. Under Fair Funding, the LEA can also retain funds centrally to support its role in four key areas: strategic management, access (planning of school places, admissions, transport etc.), school improvement and special educational provision.

The new recurrent funding framework applies to all state-funded schools and as a result of the tightening up of regulations the Government has already published league tables on LEA central expenditure, to compare LEAs. There has been a simplification of the definitions used compared with the former LMS system with a Local Schools Budget (LSB) (total LEA expenditure on schools), and an Individual Schools Budget (ISB) (the smaller amount delegated to schools). For primary and secondary schools, 80% of their total share of the ISB is still allocated on a pupil-led basis – so that in essence a quasi-voucher continues to be in

operation. In contrast to LMS, the Fair Funding model has a menu-type approach to enable LEAs to allocate funds. However, this allows them to largely replicate their previous LMS formulae. The 'menu' includes pupil numbers weighted in accordance with pupils' assessed special educational needs; provision of adjustments to take account of actual teaching salary costs; payments based on social deprivation indicators (e.g. entitlement to free school meals); payments to reflect size of buildings or grounds and a range of other options.

In this context it is noteworthy that in a study carried out by West et al. (2000c), before the advent of Fair Funding, which involved case studies of 13 disadvantaged schools in six LEAs, headteachers welcomed the freedom that LMS gave them to manage their school effectively and to focus their expenditure on their chosen priorities. But, with one exception, they did not want any *more* responsibilities delegated to them. In the main, they valued the services provided centrally and were concerned that more delegation would lead to deteriorating services (Pennell & West, 1998). Moreover, the Audit Commission, which has responsibility for ensuring the 'proper stewardship of public finances', noted in a recent report (2000) that it had 'concerns over plans to increase delegation targets further in the light of concerns that many schools have had limited benefit from the latest round of delegation and over the provision of core LEA services' (p. 56).

Most funding reaches schools via formula funding, with the government allocating the bulk of the funds for school-based education via the Revenue Support Grant to local authorities. In addition to funding schools via the Revenue Support Grant, the Government is also channelling additional funds on schools and LEAs in order to meet its own targets and is spending more on its own initiatives than did the previous Conservative Government (see West et al., 2000b). The 'Standards Fund' is used to channel these resources to schools. The initiatives are varied and include, for example, Education Action Zones which are designed to raise standards in disadvantaged urban and rural areas (DfEE 2000c; Jones & Bird, 2000) and require business involvement and sponsorship. An even more ambitious programme is 'Excellence in Cities' launched in 1999, which is designed to improve inner city education (DfEE, 1999b) by targeting resources on LEAs with high levels of disadvantage. This has several key strands focusing in particular on the most able pupils (termed 'gifted and talented') and the disaffected. Another feature of Excellence in Cities is that it requires schools and LEAs to work together in partnership. However, the extent to which this will mitigate the effects of the competitive market in inner city areas remains to be seen.

It is noteworthy that under one of its initiatives, the DfEE has introduced a system to encourage the retention of pupils in mainstream school. However, rather than being an incentive-based system this is a mixture of an incentive and disincentive system with schools being allocated resources but then having money withdrawn if pupils are excluded. Under the Pupil Retention Grant (DfEE, 1999c), LEAs are required to develop a formula, agreed with schools and with the DfEE, for distributing this grant between schools. Formula factors suggested by the DfEE are 'pupil turnover, numbers of looked after children or in contact with Social Services, numbers of ethnic minority pupils, or incidence of youth crime' (DfEE, 1999c). LEAs are required to reduce a school's allocation during the year for each permanently excluded pupil or pupil with unauthorised absences above an agreed pupil-based trigger.

In summary, the funding regime under the Labour Government is broadly similar in terms of the funding formula used to distribute funds from LEAs to schools; however, additional funds are now being targeted on the more deprived LEAs and certain incentive structures have been modified to try and ensure more pupil inclusion⁷.

'League tables' and performance indicators

The Labour Government has not made significant changes to the publication of examination results and like the Conservative Government before it has linked the publication of school performance tables (or 'league tables') directly with parental choice (see West & Pennell, 2000). Some attempts have been made to improve the school examination performance tables. In 1997, a new measure, 'average GCSE performance score', was introduced for the first time. This is a more meaningful indicator of school performance, since it focuses on the achievements of all pupils, than the concentration on five higher grades but the latter remains the focus of analysis in the press and elsewhere.

In 2000, for the first time, value added results for a small sample of schools and colleges were published, relating General Certificate of Education (GCE) Advanced (A) level⁸ results to GCSE results (published in *The Guardian*). However, it will not be until 2004 that 'value added' tables, based on comparisons between GCSE results and pupils' results at the end of

key stage 2 (age 11 years) and 3 (age 14 years) will become a reality for all schools (*The Guardian*, 2000).

In addition, two adjustments were made to the tables in 2000 to take into account the possible negative effect on schools' league tables of pupils who had specific characteristics. This ties in with the 'social inclusion' agenda highlighted earlier which provides disincentives for schools to exclude pupils. First, schools were able to make a request to the DfEE that pupils who had recently arrived in this country and who had a first language other than English should be excluded from the performance tables. Second, an attempt was made to deal with the problem of pupils excluded from schools and in particular to offer a disincentive to schools to exclude pupils to improve their examination results (DfEE,2000e). Both adjustments are likely to have made only marginal differences in the league table positions of most schools and the effort required to seek such adjustments may well have acted as a disincentive.

Discussion

The Labour Government can be seen as having embraced the quasi-market with a similar enthusiasm to that of its Conservative predecessors. The main structures of the quasi-market are still in place – parental choice, open enrolment, funding following pupils, school diversity and publication of league tables.

Notwithstanding this continuity, it has made changes to the operation of the quasi-market some of which have mitigated or should mitigate some of the inequitable effects of the quasi-market reforms. However, these policy changes have been at the margins and the market-oriented philosophy continues largely unabated. And as noted by Nick Davies (1999), as long as the market reforms put into place by the former Conservative Government 'remain untouched' all of the Labour Government's social inclusion initiatives 'are being fed into a structure which constantly penalises the schools' (p. 5) that the Government is attempting to help. The conflict between competition and co-operation was also raised by Yeomans et al. (2000) in their research on specialist schools: 'Some staff in specialist schools argued that there was a basic contradiction in asking secondary schools to collaborate in a context in which they were in competition with each other for pupils' (p. 44).

Whilst the Conservative reforms are to a large extent untouched, certain policy changes made by the Labour Government are likely to have some impact on the functioning of the quasi-market. These are first, an element of regulation and second, a change in terms of school diversity. The remainder of this discussion examines each of these in turn and considers whether the changes are likely to lead to the quasi-market functioning in a fairer way by meeting the needs of all pupils.

In terms of regulation, the Code of Practice on school admissions may affect the behaviour of schools that are their own admission authorities. However, there are some important points to bear in mind. First, this is not a traditional form of regulation but a responsive form of quasi-regulation whereby action is only taken in the event of objections being received. This means that the system is only likely to have an impact in some parts of the country and not necessarily in those where the market is most highly developed in terms of having a variety of different school types (see also Woods et al. 1998). Also, those eligible to object are severely limited and individual schools may not object unless they are their own admission authority. This means that if a local authority is sympathetic to partial selection, for example, even if individual community schools are not, no objection from the school will be allowed regardless of whether that partial selection is *perceived* or even *demonstrated* to be detrimental to other schools in the area.

Turning to school diversity, whilst the Labour Government is not proposing to return to an academically selective system across the country (Labour Party Manifesto, 2001), it has retained and augmented the mix of school types. However, it is not clear to what extent the increased diversity will affect the operation of the quasi-market. The newly-created religious schools are relatively small, catering for a 'niche market' and are unlikely to have a major impact on the structure or operation of the quasi-market (see also Walford, 2000). It remains to be seen what sort of impact the increasing number of specialist schools will have on the operation of the quasi-market – especially if virtually all schools were to become specialist (Labour Party Manifesto, 2001). It is possible that disadvantaged specialist schools in inner city areas will attract more middle-class parents and so gain a more balanced intake; the 'gifted and talented' strand of Excellence in Cities may also serve this purpose. But this is an unknown at present. The introduction of city academies is another move to increase diversity based on the assumption that the private sector will be able to deliver where the public sector

has failed. There is, if anything, an even more market-oriented philosophy underpinning this policy than pursued by previous Conservative administrations.

A fundamental problem remains as long as some schools – those oversubscribed schools that are their own admission authority – retain freedom over the pupils that they admit. We are not convinced that without regulation of the admissions process – as opposed to the current quasi-regulation – that the new diversity will have a positive impact on equality of opportunity in relation to school choice. The winners will be the easy to teach, highly motivated, high attaining pupils with supportive home backgrounds.

Schools that are not their own admission authorities will, however, be required to accept less advantaged pupils. Thus, the popular, high achieving schools that select their intakes (either overtly or covertly) will still maintain their position at the expense of other schools. Even though the new city academies will be required to recruit a balanced intake from those that apply, they will have the opportunity to focus their marketing efforts on particular groups and then select from those.

Thrupp (1999) argues that ‘to prevent high-SES [socio-economic status] schools from enrolling only desirable, high SES students who have been ‘cream skimmed’ from less prestigious schools, the ‘power to accept or decline students...needs to be taken out of the hands of individual schools and given over to a more impartial process’ (p. 186). He suggests a lottery (as does Walford, 1993) or catchment area approach.

Given that it seems unlikely that the quasi-market will be abandoned, a different, market-oriented approach would be for greater regulation combined with a range of financial incentives to be offered to schools to make the ‘less desirable’ students, be they low achieving, with special educational needs or disaffected, far more attractive. Such an approach would inevitably involve a re-think of the current funding methods by providing ‘dowries’ to schools for taking such pupils.

Unless the Government does intervene, it will risk perpetuating what is in essence an unfair system for those pupils and schools that are not high performing. There is a hint that the Government might intervene in the area of admissions. The Green Paper, ‘Schools: Building on Success’ (DfEE, 2001) notes that in some parts of the country there is scope for improving

the process and ‘better ways of **avoiding the concentration of the most disadvantaged pupils in the least popular schools** [our emphasis]. We would like to be able to address the dissatisfaction that still exists in some parts of the country’ (p. 87).

To conclude, the main difference between the Labour and Conservative governments has been a greater emphasis by the latter on competition and a greater emphasis by the former on social inclusion. This emphasis on social inclusion can be demonstrated both in its new policy initiatives – such as Excellence in Cities – and in the re-working of Conservative initiatives such as the specialist schools programme which now stresses co-operation between schools. There have also been attempts to deal with some enduring problems by, for example, providing a mixture of incentives and disincentives to discourage schools from excluding pupils and by making minor changes to league tables to reflect some specific problems experienced by schools. However, in our view this change in emphasis cannot be characterised as a major policy shift. Thus, while the Labour Government has attempted to soften the edges of the quasi-market it has not tackled some of its major deficiencies such as the power that schools that are their own admission authorities have to distort it.

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¹ Admission authorities are local education authorities in the case of community and voluntary-controlled schools and the schools themselves in the case of foundation and voluntary-aided schools.

² In January 1999, 19% of secondary schools were grant-maintained, 11% voluntary-aided (includes 4% special agreement schools - a category now included in voluntary-aided), 4% were voluntary-controlled and 67% county (percentages add up to more than 100 because of rounding). In January 2000, 14% of schools were foundation, 15% voluntary aided, 4% voluntary-controlled and 67% community (DfEE, 1999a, 2000a).

³ 10% until 1996 (DfEE 1996) when it was increased to 15%.

⁴ All specialist schools are required to follow the national curriculum.

⁵ Excluding selective schools but including city technology colleges.

⁶ Including secondary modern schools. GCSEs are generally taken in a wide range of subjects at the age of 16 years (the end of compulsory schooling) in England, Wales and Northern Ireland.

⁷ Education expenditure in the UK as a percentage of Gross Domestic Product fell from 4.7% in 1996/97 to 4.5% in 1998/99 (DfEE, 2000f). In real terms education expenditure has however, increased over the same period from £38,230.6 million to £38,434.5 million (an increase of 0.53%).

⁸ GCE A levels are generally taken in England, Wales and Northern Ireland at the end of upper secondary education (at 18 years of age) in a small number of subjects; they are the normal entry requirement to university.