

WESTMINSTER ECONOMICS FORUM

a forum for policy makers and businesses launched by
the Economic and Social Research Council and the
National Institute of Economic and Social Research

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Welcome to the second Westminster Economics Forum newsletter of series four, giving news on the series of lunchtime seminars organised by NIESR and the ESRC. The current series is focusing on the topic of “The Provision of Public Services: Quality & Choice”.

For the second seminar in this series, Professor Simon Burgess, University of Bristol and Leverhulme Centre for Market and Public Organisation, spoke on ‘*Choice and Sorting in England’s Schools*’ on Friday 21st January 2005 at HM Treasury. The seminar was chaired by Frances Cairncross, CBE, chair of the Economic and Social Research Council and Rector of Exeter College, Oxford. Catherine Frances, HM Treasury, acted as discussant.

The analysis of choice in education markets is currently enjoying a boom. In the US context, choice primarily means the use of voucher schemes. In the UK it refers to the operation of the quasi-market in education. There have been two main components in the debate: the impact of choice on improving outcomes through competitive pressure on all schools, and the impact of choice on the sorting or segregation of pupils across schools. This second issue was the focus of this seminar. If there are important peer effects in schools, then sorting will influence both the level and distribution of education outcomes.

Forthcoming WEF event in 2005

More information on this event is available at:
<http://www.niesr.ac.uk/event/wef.htm>

“Governance by Targets and Terror: Synecdoche, Gaming and Audit”

20th April 2005, 12 noon followed by a buffet lunch,
concluding at 2 pm,

Venue: SW1, to be confirmed

Professor Christopher Hood, All-Souls College, Oxford
University and Professor Gwyn Bevan, London School of
Economics

Registration and further information

For all queries about the forum and to register for WEF events, please contact:

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“Choice and Sorting in England’s Schools”

Chair: Frances Cairncross, CBE, ESRC & Exeter College, Oxford

Discussant: Catherine Frances, HM Treasury

Friday 21st January 2005

Venue: HM Treasury

A summary by Paul Wallace of The Economist

Political debate in Britain about choice in state schools often represents this as a leap in the dark. This would certainly be the case with vouchers although these have been used in the United States. However, vouchers are not the only way of aligning parental choice with funding. Another way to achieve this is by giving parents the right to choose among schools and letting public money follow the pupil.

This system has now been in place in English schools since the Educational Reform Act of 1988. Simon Burgess, professor of economics at Bristol University, presented the results of a study into its impact. The study focused on a deceptively simple question. How far has choice led to pupils being sorted, by ability or by disadvantage, across schools?

Answering this question is anything but simple. This is because the choice of schools depends in the first instance on where people live. Since pupils attend schools in their neighbourhood, parental choice through the housing market may be more important than that for schools within a neighbourhood. In turn, the housing market is affected by the labour market.

Fortunately, Professor Burgess and his fellow researchers at Bristol University were able to exploit a rich seam of information about the cohort of pupils - half a million children - that entered secondary schools in 1997 and took GCSE in 2002. The administrative dataset covers every pupil and includes information about their Key Stage 2 results at 11. The data on the schools includes the league table results published in 1996 which may have shaped the choices of parents.

In order to assess the impact of choice on sorting, a benchmark was needed. The study made attendance of the nearest school this comparator. Based on this benchmark, it made four key findings.

First, choice is feasible for most people. This was established by working out for each school how many others are located within 10 minutes' driving time. On average, there are almost 7. The distribution ranges from none for 15% of schools, to eleven or more for 21% of schools.

Second, choice is exercised inasmuch that about half of pupils attend schools other than the one nearest to them. The study showed a remarkable lack of attachment to the closest school. In England, 55% of pupils did not attend their nearest school. In London the figure was 76%. In non-selective Local Education Authorities, 53%



Professor Simon Burgess, University of Bristol and Leverhulme Centre for Market and Public Organisation

of children did not attend the nearest school. In selective LEAs, defined as those where more than 10% of pupils attend grammar schools, 70% did not attend the nearest school.

Third, sorting by ability occurs to a relatively small extent apart from within selective LEAs. Take high ability pupils, who are defined as being in the top 20% of pupils nationally. On an index for such pupils, where 0 means there is no sorting and 1 means that there is complete sorting, non-selective LEAs scored 0.25, whereas selective LEAs scored 0.58. For low ability pupils, defined as being in the bottom 20% of pupils nationally, a similar index gave a result of 0.24 for non-selective LEAs and 0.36 for selective ones.

Fourth, the greater the degree of choice – measured by the number of nearby schools – the more it is exercised and the greater the extent of the sorting by ability. This finding allowed for prior sorting through where people live, so it captured explicitly the “re-sorting” that occurs through school choice.

Such sorting effects in education did not necessarily mean that parents and their children were getting into the schools that they wanted to attend. For some, the “choice” might be involuntary. The impact of choice in schools differed from that in other markets, where supply expands to meet higher demand. Typically, schools do not expand in this way, which means that they can end up choosing the pupils rather than the other way round.

However, the results showed an active “quasi-market” in schools. They also demonstrated that in general the housing market has not re-introduced selection by the back door. On the other hand, they showed that the better the local school, the less likely that disadvantaged pupils, defined as those eligible for free school meals, were to attend it. The converse was true for children not eligible for free school meals. This finding allowed for the effect of KS2 results, so it captured explicitly the impact of disadvantage.

Responding to the presentation, Stephen Meek, head of the Treasury’s education team, said that choice was at the forefront of issues the government was wrestling with in reforming the public services. There were risks as well as benefits to choice in education; for example, one pupil’s

choice could foreclose another’s. A key question was whether choice was driving up attainment and whether results were improving for all pupils. Choice was a means to improve schools rather than an end in itself.

Professor Burgess said that the next step was to examine the effect of choice on attainment. Replying to a point raised by Peter Davies of Staffordshire University, he added that the research programme would also be exploring the dynamic effects of choice over time. For this, data from subsequent cohorts would be needed.

Asked about international experience, Professor Burgess said that choice had led to a dramatic increase in sorting by ability in Stockholm. Asked about private schools, he said that they had little effect on the results because they accounted nationally for only 6-7% of pupils.

Web links

Professor Burgess’ presentation is available at: <http://www.niesr.ac.uk/event/wef210105ppt.pdf>

A paper on this seminar is available at: <http://www.niesr.ac.uk/event/wef210105paper.pdf>

View summaries of previous WEF seminars at: <http://www.niesr.ac.uk/event/Wef.htm>

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The National Institute is Britain's longest established independent economic research institute with over sixty years experience of applying academic excellence to the needs of business and policy makers. The Institute's objective is to promote, through quantitative research, a deeper understanding of the interaction of economic and social forces that affect people's lives so that they may be improved.



The Institute is independent of all party political interests. It has no core funding from government and is not affiliated to any single university, although our staff regularly undertake projects in collaboration with leading academic institutions.

Our research interests are constantly changing in response to new needs but embrace most of the issues that shape economic performance. Current programmes include work on productivity, pensions and the ageing population, trade and investment, labour markets and economic statistics. All are underpinned by the Institute's long standing strength in macroeconomic modelling and forecasting.

NIESR conducts its research to high ethical standards. To this end it adheres to the code of the Social Research Association. NIESR researchers ensure that their research complies with this code.

About the ESRC - www.esrc.ac.uk

The Economic and Social Research Council (ESRC) is the UK's leading agency funding research and training on social and economic issues with an international reputation for providing high-quality research on issues of importance to business, the public sector and government.



An independent organisation, established by Royal Charter, ESRC receives most of its funding through the Government's Office of Science and Technology. With a budget of more than £78 million ESRC will fund over 2,500 researchers in academic institutions and policy research institutes throughout the UK and support over 2,000 postgraduate students.

The quality of life and economic well-being of the UK and its citizens are just two of the many key, policy-relevant issues addressed by the ESRC portfolio of research and training activities. Comparative and international perspectives are strongly encouraged. Economic performance for example, is increasingly dependent on the global economy, and economic distribution both within and between countries and regions is a major issue for social science research. Every member of society benefits from the contribution we make to the UK's science base and public life.

Westminster Economics Forum web site: www.niesr.ac.uk/event/wef.htm

From here you can view or download papers and presentations from previous WEF seminars and find summaries, provided by Paul Wallace of *The Economist*.

Details of forthcoming seminars are also listed on the site.