Spending on Educational Resources in Schools: Who Should Decide?
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Introduction

Alongside the development of delegated budgeting to schools there has been a parallel movement towards greater delegation of financial responsibility within schools. More enlightened middle managers in schools have increasingly demanded more flexibility and more command over the resources available to them. In response, headteachers have sought ways in which to allocate finance to an increasing number of cost centres or budget holders on their staff. At the same time, OFSTED has placed pressure on schools to demonstrate that they manage resources effectively and efficiently. OFSTED’s criteria for the efficiency of the school expect a close and explicit link between the aims, objectives and priorities set in the school development plan and the budget.

Before considering how budgets may be allocated, one should consider which areas of expenditure, if any, should be included. Consumable classroom materials, text books, etc. are commonly considered to be the foundation of delegation, but what about cross-curricular areas, or delegation within a department? Should some areas of expenditure be delegated to groupings of budget holders?

There are a number of different decision methods for deciding allocations, some based on a centralised approach, others based on delegation. Each must be evaluated in terms of how well it allows the various school objectives to be met. Moreover, the appropriate model (or combination of models) for a school to adopt depends on the particular individual school context, its size, its organisational culture and management philosophy and style.

Centralised Model

In a centralised system, decisions are made by a single body. Such a system can operate either through, at the one extreme, the headteacher acting as the all-powerful autocrat or, at the other extreme, through varying degrees of collective decision making by committees of staff. These committees could be made up of governors, the senior management team, curriculum leaders, an elected group of staff making up a Staff Finance Committee, or even all staff in the case of small schools.

However narrow or wide the consultation, schools should consider carefully that decision makers need to possess, assimilate and evaluate all the relevant information in order to make effective decisions on how to use resources to meet their objectives. The decision-making hub at the centre of the organisation needs to pool all the information gleaned from the peripheries and communicate its vision back, so that all the sub-units are integrated and can co-ordinate their activities to pull in the same direction to meet the school’s aims.

The wider the consultation, the greater the need for thorough preparation and dissemination of financial data so that informed decisions can be made. There is an administrative burden in this, and it is time-consuming, but it does ensure that resources are more likely to be allocated effectively between the competing demands for them.

A centralised system, where teachers are involved on committees to participate in financial decision making, may motivate staff. Most large schools will typically operate with a pyramid-shaped hierarchical organisational structure. Any delegation will therefore be down the chain of command. A much flatter structure may be more appropriate to a smaller school with fewer staff, in which the objectives of working through people are better achieved not by delegation of financial resources but by retaining them centrally, whilst consulting widely about their disposal.

Any system of delegation depends upon the ability of middle managers to deal with that greater responsibility and to get value for money for the education of students from what are clearly limited resources. This in itself has resource
Implications: staff need training, other forms of support and the time for making effective decisions.

If curriculum leaders are either not interested in, or not capable of, financial management, or not motivated by or not informed about whole school objectives, then by handing over the control and may not be able to secure the most effective use of scarce resources. In contrast, the headteacher and/or senior management team may have more expertise and experience in financial decision making.

**Decision Taking in Centralised Models**

In the case of a school where decisions are made autocratically by the headteacher (or occasionally by a deputy or bursar), he or she could simply take last year’s allocations and uprate them in line with inflation or revise them in proportion to changes in the global budget. This ‘creeping incrementalist’ approach is time-saving and low on conflict, but never challenges the status quo. It mitigates against institutional development and cannot realistically meet the needs of departments faced with fluctuating student numbers and changes in their curriculum. It is more than likely that different subject areas will need larger injections of finance at different times over a number of years as new initiatives, curriculum changes, etc. are implemented. Changes in needs like these are more easily dealt with centrally and it would seem prudent for the headteacher of a school to withhold some of its budget to support such developments.

A more enlightened headteacher will seek representations from curriculum leaders and assess priorities for expenditure. This can vary from formal bids to very informal discussions. Done badly, the outcome could be an arbitrary allocation based on bias and pressure, and not necessarily even published. However, if done well, the headteacher will be evaluating a range of well costed departmental plans and prioritising them within the framework of the school development plan. It is entirely possible that the omniscient despot could achieve efficiency, effectiveness and value for money.

In a bidding system, formal, costed plans can of course be submitted to committees for consideration, in which case the system is much more akin to an auction or an ‘open market’, although it must still be classified as centralised. If a bidding system is employed, it does put pressure on curriculum leaders to justify and cost their requests for spending in terms of current achievements and how the proposed developments will affect the quality of learning and contribute to the school development plan. Demands for additional resources have more authority and impact if they are linked to clear priorities and planning, and are far more likely to achieve value for money. There is an element of democracy and collective accountability if each bid is subject to a process of professional review by peers. It can also lead to a closer examination and questioning of the status quo.

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However, decision makers do require a degree of skill in identifying both the optimists and the pessimists, those who shout the loudest but have weak cases, against those whose departments have real need but who are weaker characters, lacking the skill, confidence and experience to make forceful, well argued bids. Invariably the bids outweigh the funds available and the tendency is to inflate bids in the perceived view that budget holders will receive a proportion of what they have requested. One way round this is to adopt the pendulum arbitration approach, i.e. departments are awarded all or nothing, and this will usually moderate the size of bids.

There are a number of permutations to the awarding of grants in response to successful bids. The resources allocated may depend on the outcomes expected, expressed in terms of performance criteria. Budget holders may be allowed to retain any savings they make on the specified project which may encourage efficiency. Allowances may be earmarked for general areas of expenditure, such as differentiated learning, or for a specific project that is costed and deemed to be effective. Awards may be for the whole sum requested, or on a matched funding basis. Alternatively the centrally held budget may pump prime an initiative, and gradually reduce its contribution to the total cost of the project.

Centralised decision making does have a number of other advantages. Whole school priorities are better understood and dealt with and all decisions can be made within the school’s global aims and objectives. Consequently, it encourages whole school consistency and the pursuit of sectional interests is avoided. It is also possible to make decisions much more quickly when fewer people are involved in the process.

Lastly, it has to be acknowledged that centralised decision making is more appropriate to an autocratic style of management, as autocrats who delegate frequently interfere and undermine those to whom they have delegated, demotivating rather than motivating them.

**Decentralised Model**

In a de-centralised system, decisions are made by individual teachers acting as budget holders. When capitation (i.e. an amount per pupil for stationery and materials) marked the limit of financial delegation to schools, many headteachers put in place a formula for the allocation of some of this money to curriculum leaders. If a formula is used, the process of allocating resources is very much simpler, quicker, more open, and perceived to be objective and fair.
Commonly such a formula is based upon the number of pupils and the number of periods taught in a week. More sophisticated formulae use a system of weights dependent upon the age of the pupils and/or the nature of the subject.

There are many advantages to this approach: it is transparent and can be seen to be fair; changes in need caused by increasing numbers of pupils are easily accommodated; having a formula as its basis, it mirrors the system of delegating finance to schools.

The school could in effect have lost control of the money if there is no requirement to evaluate, no accountability or expectation that its disposal should be solely related to departmental or whole school objectives.

However, it has its shortfalls. It does not deal adequately with developmental needs and having no lump sum element it fails to recognise that there may well be a fixed cost element to curriculum delivery, e.g. the provision of a teacher’s handbook. Once the money is delegated it is usually without strings attached. The school could in effect have lost control of it if there is no requirement to evaluate, no accountability or expectation that its disposal should be solely related to departmental or whole school objectives. Even if the resources are allocated with recommendations, there is a danger that such recommendations are ignored.

Moreover, using a formula begs as many questions as it answers. How should a school fund cross-curricular work and areas such as information technology, the library, special needs and careers, which do not easily fit into such a formula? How much more should Design and Technology receive per pupil than English? How much extra funding should a 16 year old be allocated than a 12 year old?

Notwithstanding these questions, by delegating to curriculum leaders, the greater authority and responsibility invested in them may be a motivating force, leading to greater job satisfaction. By being actively involved in financial decision making about their own curriculum area, rather than just rubber stamping senior management decisions, budget holders will be motivated to secure a more efficient and effective use of scarce resources.

Compared with senior managers and administrators, departments and individual teachers have a much better idea of what their needs are and will be able to target their spending more accurately to improve the learning experiences of their students. Moreover, they will be able to implement those spending decisions much more quickly and be more flexible in their purchasing strategies. This decentralised approach also means that the school is developing its middle managers and preparing them for promotion.

Another advantage of the decentralisation of financial decision making is that there is less stress and burden on an overstretched senior management team, which should enable its members to carry out their functions more efficiently and effectively.

**Hybrid Model**

Of course, these systems are not mutually exclusive and most schools will undoubtedly mix and match to suit their own organisational structures, managerial styles, educational objectives and developmental needs. Hybrid strategies may delegate maintenance expenditure according to a formula, but retain resources for developmental purposes centrally. Some centralised decisions may be made by the headteacher or senior management team alone, whilst other decisions about formal bids may be put to a staff committee or alternatively to governors.

**Empirical Evidence from Secondary and Middle Schools**

A survey of 49 secondary and middle schools in 1995 gave an interesting insight into the actual practice of allocating budgets for curriculum support. Encouragingly, a significant number of schools commented that they were increasingly linking their delegation to development plans, both whole school and departmental. In all cases financial resources were delegated to curriculum leaders, but in all but one some funds were retained centrally. Not surprisingly, the variation was very large in the sample. At one extreme, seven schools retained nothing for development, whilst one school kept back 55%. The average, however, across the sample was 14.3%.

The survey used the typologies outlined by Knight (1983) and asked respondents to state which of four alternative allocation strategies they employed to delegate funds within schools. Twenty two per cent of the sample admitted to “benevolent despotism” in which, with varying degrees of consultation, the headteacher (or deputy) was the arbiter, deciding how much each budget holder should receive. A similar proportion of schools have adopted an ‘open market’ approach in which a committee of staff adjudicates on bids for funds. Only 14% of the sample used ‘incrementalism’ whereby the previous year’s allocations were merely updated in line with the size of the global school budget.

By far the biggest proportion – in fact 65% of schools in the survey – used a formula based upon weighted student periods to allocate finance for educational resources. Although there were understandably considerable differences between schools, a clear pattern did emerge. Those schools which did use a formula distributed on average 73.2% of educational resources to academic budget holders by means of the formula.

Ninety six per cent of these schools used a system of weightings to reflect differences in unit costs of teaching different subjects, whilst a slightly smaller number (85%) used weights according to the age of students taught. Only 43% of these schools employed the age weights used by their LEA for determining their global budget. The remaining schools tended to have a much simpler system and distinguish only between Key Stages. Taking KS3 as
Table 1. Average Subject Weightings for Formula Allocation

<table>
<thead>
<tr>
<th>Subject Area</th>
<th>(a) Average Weights</th>
<th>(b) divided by 1.11</th>
<th>(c) to 1 decimal place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and Social Education</td>
<td>1.06</td>
<td>0.95</td>
<td>1.0</td>
</tr>
<tr>
<td>Modern Languages</td>
<td>1.09</td>
<td>0.98</td>
<td>1.0</td>
</tr>
<tr>
<td>Mathematics</td>
<td>1.11</td>
<td>1.00</td>
<td>1.0</td>
</tr>
<tr>
<td>English</td>
<td>1.11</td>
<td>1.00</td>
<td>1.0</td>
</tr>
<tr>
<td>Religious Education</td>
<td>1.12</td>
<td>1.01</td>
<td>1.0</td>
</tr>
<tr>
<td>History</td>
<td>1.15</td>
<td>1.04</td>
<td>1.0</td>
</tr>
<tr>
<td>Geography</td>
<td>1.16</td>
<td>1.05</td>
<td>1.0</td>
</tr>
<tr>
<td>Physical Education</td>
<td>1.20</td>
<td>1.08</td>
<td>1.1</td>
</tr>
<tr>
<td>Drama</td>
<td>1.21</td>
<td>1.09</td>
<td>1.1</td>
</tr>
<tr>
<td>Information Technology</td>
<td>1.31</td>
<td>1.18</td>
<td>1.2</td>
</tr>
<tr>
<td>Music</td>
<td>1.38</td>
<td>1.24</td>
<td>1.2</td>
</tr>
<tr>
<td>Art</td>
<td>1.83</td>
<td>1.65</td>
<td>1.6</td>
</tr>
<tr>
<td>Science</td>
<td>2.01</td>
<td>1.81</td>
<td>1.8</td>
</tr>
<tr>
<td>Design and Technology</td>
<td>2.27</td>
<td>2.05</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Table 2 ranks those areas according to the potential for delegation in the near future, i.e. combining those items of schools' budgets which were already being delegated internally and those which were being considered. One interesting outcome was the evidence that a small number of schools had even handed over some financial responsibility for staffing to academic budget holders (or were considering doing so). Comments from those schools indicated that this was at the margin only, for example giving curriculum leaders some power over the employment of part-time teachers' extra hours, support staff and additional temporary pay points.

Conclusions

When deciding upon the extent of, and the mechanisms for, allocating budgets to curriculum leaders, senior managers need to go back to the objectives of the school, for that is the context in which all financial decisions need to be made. They must also take into account the size and phase of the school, accepting that smaller schools have less scope for delegation.

The twin benchmarks of efficiency and effectiveness should be applied to the allocative decisions of what, how much, to whom and how. No single system has a monopoly over ensuring value for money, and each individual school will make its own choices along the continuum from centralisation to decentralisation, striking its own balance between control, consistency, flexibility and motivation.

Further reading


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