

Resource Allocation to Schools by Municipalities

A Summary of two Reports from
the Swedish National Agency for Education



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Foreword

In the past few years, the Swedish National Agency for Education has conducted two studies on resource allocation to schools by municipalities. One of the overall aims of the studies was to contribute to a discussion on, and to a development of, the principles of resource allocation. The studies will hopefully also stimulate a follow-up and evaluation of the resource allocation that will allow an assessment to be made of whether enough consideration is being given to the different conditions and requirements that exist. The issue is still current and of interest to many parties, and a further study from the Agency on resource allocation is due to be completed in autumn 2013. As there is broad demand for knowledge on resource allocation to schools, this report provides a summary in English of the most important results of the two previous studies.

Stockholm – December, 2012

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1. Summary

The Swedish government maintains that education in schools should be adapted to the different needs and conditions of the pupils. The curricula also stipulate that consideration shall be given to the different conditions and needs of the children and pupils. Pupils and schools that need a greater share of resources must have access to these. In other words, all children in preschool and leisure-time centres have the right to good quality education, and all pupils in compulsory school shall be given the opportunity to achieve the compulsory school's goals. Most people therefore agree that resources cannot be allocated equally between preschools and schools, and that some units need more.

There is no ideal resource allocation model that can be applied by all municipalities, but every municipality must have planned resource allocation. This must be based on local conditions and needs and be followed up and assessed in relation to the results achieved by the activities. With limited resources, effective resource allocation and use are even more important. Local politicians in the city council and on child and education committees control which resources are set aside and how they are allocated to activities and units, and they need to have a basis for this allocation.

The Agency's report *Resursfördelning utifrån förutsättningar och behov?* (2009) (Resource Allocation Based on Conditions and Needs?) shows that in most municipalities, the resources were not allocated in the same way in the financial year 2007. The results also show cautious allocation, with resources not being differentiated enough in view of the big differences in the requirements of the preschools' and schools' activities. The results of the study also point to a lack of control and self-regulation in many areas. Many municipalities have not identified how the resources are used and do not have a model for resource allocation based on follow-up and evaluation results.

The Agency's report *Resursfördelning till grundskolan – rektorers perspektiv* (2011) (Resource Allocation to Compulsory School – the Head Teachers' Perspective) is an updated and in-depth version of

the Agency's report *Resursfördelning utifrån förutsättningar och behov?* The report shows that the majority of Sweden's 50 most segregated municipalities took into consideration the structural differences between compulsory schools in their resource allocation for 2011. This proportion also increased during the period 2007–2011. The report also shows that the head teachers in these municipalities feel that they have great scope to act in terms of allocating and using resources. Planned and active follow-up of resource allocation, at municipal and school level, is a factor highlighted in the report as important to the effectiveness of the allocation by the municipalities.

2. Resource allocation based on conditions and need?

The results of the report are based on several empirical documents. All the childcare and education departments (or equivalent) in Sweden's municipalities have answered a questionnaire on the principles of resource allocation to preschools, compulsory schools, compulsory education for pupils with intellectual disabilities and leisure-time centres with respect to 2007. Administrative officers responsible for resource allocation in six municipalities have been interviewed, as well as head teachers and a few teachers in two-three schools in each of these municipalities. The Agency has analysed the ongoing statistics on costs and teachers, and an auditing company with many years' experience of effectiveness audits in schools has been appointed to analyse the material collected during these audits. Furthermore, research reports and Agency studies highlighting the link between resources and results in preschool and compulsory school have been reviewed.

Resource allocation models

There are big differences between municipalities in the cost per child in preschool and per pupil in compulsory school, which has been well known for a long time through the Agency's annual statistics. The differences in costs between municipalities mean that the conditions for resource allocation within the municipalities vary greatly. Even with the same resource allocation model, the allocations to preschools and schools would differ greatly as the municipalities have very different budgets to allocate.

Many, often smaller, municipalities do not have a definite model for resource allocation. Instead, they have a working method for allocating resources based on the previous year's budget. This is recalculated based on changes in prices, salaries and undertakings and is decided through requests, negotiations and dialogue. One in ten municipalities allocates all or most of the resources to compulsory school in this way, and one in seven to preschool and day centres.

Resource allocation based solely on volume, i.e. number of children, pupils or groups, is unusual in preschool and compulsory school. About nine per cent of the municipalities for compulsory schools and fourteen per cent for preschools reply in the questionnaire that they only use volume in their resource allocation. Based on the answers to other questions, however, it emerges that some of the municipalities do not allocate the resources directly to the units but to area departments that can redistribute them. For leisure-time centres, it is more common for resources to be allocated based almost solely on volume. More than a third of the municipalities use this model to allocate resources to leisure-time centres.

Models with a volume-based part and additional resources are most common for allocations. The additional resources can either be calculated in the conventional way, based on the preschool's or school's socioeconomic structure, or be allocated by request and assessment of the individual children's or pupil's specific needs. Seven out of ten municipalities have allocation models with special additional resources for preschool and eight out of ten for compulsory school but only four out of ten for leisure-time centres. General additional resources that preschools and schools receive based on their socioeconomic structure exist in about one in five municipalities for preschool, in about a quarter for compulsory school and about a tenth for leisure-time centres. Most municipalities with additional resources based on structure also have some resources allocated specifically to children and pupils in need of special support, for example, in the form of central resource teams that can provide advice and support or go in with special resources for individual children.

Additional resources – a small part of the budget

The proportion of the resources allocated according to need – based on general criteria or individual needs assessment – is often relatively small. In nine out of ten municipalities for preschool and six out of ten municipalities for compulsory school, a maximum of ten per cent of the resources are allocated according to these principles.

In more segregated municipalities, greater consideration is given to the children's socioeconomic background in the resource allocation. None of the municipalities, which according to the available statistics, belongs to the 20 per cent of municipalities that are least segregated have a resource allocation system for compulsory school that takes into consideration socioeconomic factors. Of the fifth of the municipalities that are most segregated, 60 per cent have such an element. Models in which resources are allocated based on assessments of the children's and pupils' individual needs exist in all types of municipalities.

Additional resources for children or pupils in need of special support generally refer to resources for a specific child or pupil. This type of resource focuses on the individual and not on the fact that the environment and the general conditions for the activity differ between preschools/compulsory schools. The fact that the additional resources for children or pupils that need special support are, on average, of the same magnitude in relation to the budget in all types of municipalities could suggest that the need for special support is seen as roughly the same in all types of municipalities. This applies to the more segregated municipalities as well as those in which the housing areas are relatively similar socioeconomically, and in municipalities with a high educational level as well as those with a low educational level. The need is relative. There is always a variation in the conditions and abilities of all groups of children and pupils, and the proportion in need of special support is seen in relation to the respective child/pupil group.

Results in the form of grades or test results give a completely different picture however: there are big differences between schools in, for example, the proportion of pupils who meet the targets in all subjects, and this proportion varies strongly in correlation with the socioeconomic structure of the schools. According to the Compulsory School Ordinance, special support should be given to pupils who are at risk of not meeting the targets. The results picture thereby shows that the need for special support varies greatly between schools.

Only small proportions of the budget are allocated on socio-economic grounds even in the 20 per cent most segregated municipalities. On average, a couple of per cent of the budget are allocated in this way to preschool and about six per cent to compulsory school. This proportion is much greater in a few individual municipalities, however, for example, the allocations by cities to districts or units. Even small proportions of the budget aimed at individual preschools or compulsory schools with worse conditions can of course be very important to the individual preschool or school. The overall impression, however, is that the municipalities are cautious about differentiating resources between units that, based on a socio-economic structure, have very different starting points for conducting their activities.

The analysis of the variance in teacher density between schools in the same municipality also comes to the same conclusion, that there is a big variance in teacher density, i.e. the number of teachers per 100 pupils. The variance between schools can only be explained to a small extent by the difference in the parents' educational background and the proportion of pupils born abroad, i.e. factors linked to results. About 20 per cent of the variance in teacher density is explained by these variables.

Schools with parents with a low educational level and a higher proportion of pupils born abroad have on average slightly more teacher resources per pupil. Schools with a higher teacher density have a lower proportion of pupils who met the targets, however, than the schools with lower teacher density. The result can hardly be interpreted as a causal link between teacher resources and results, i.e. that more teachers lead to worse results. Rather, the result can be interpreted as the compensatory resource allocation being insufficient or not having been used in a way that has benefited pupils from homes with poor study habits.

Leisure-time centres and education for pupils with intellectual disabilities

The study shows that the resource allocation systems rarely prioritise resources to leisure-time centres. Leisure-time centres and compulsory schools are located in the same units and the head teacher has to allocate the resources from the shared pot to the school and leisure-time centre. It can be difficult for the leisure-time centre to make its case in such resource discussions.

In previous evaluations of education for pupils with intellectual disabilities, it has emerged that there can be financial incentives for schools to try to get pupils in great need of support in compulsory school to be accepted into education for pupils with intellectual disabilities. In compulsory school, the pupil's needs for support have to be accommodated within the school's normal resources. If the pupil is accepted in education for pupils with intellectual disabilities, the pupil is allocated more generous resources according to the principles of such education. The results of this questionnaire also indicate that resources are guaranteed to a higher degree if a pupil with learning disabilities accepts a place in education for pupils with intellectual disabilities than if that pupil turns it down and attends compulsory school.

Schools have great freedom in their use of allocated resources

Just about all schools have great freedom in deciding on their organisation and how the allocated resources are used. This is an important change to the system since the beginning of the 1990s. Before the municipalisation of schools at the beginning of the 90s, state allocation of subsidies controlled the organisation down to school level. The amount of resources and, especially, how the resources are used is decisive to meeting targets and quality. This is why resource allocation in schools, i.e. the investment in competence, organisation, development work, evaluation, etc., may be the most important step of the resource allocation process from the municipal council to the individual pupil.

The fact that the school has all the resources at its disposal and undivided responsibility for all its pupils can promote an inclusive organisation and way of working. Additional resources allocated through an application procedure for individual children's or pupils' special needs risk reducing the school's responsibility to create good teaching environments for all pupils.

The schools' scope to act is used very differently, even by schools in the same municipality, and it is often unclear how it is controlled. In any case, it is not a systematic follow-up of the previous year's organisation and allocation to pupils in need of special support and their effects that decide, as follow-up other than through discussions at the end of the academic year is unusual.

Lack of follow-up and evaluation

Resource allocation in which practically all funds are allocated to the units, after taking their special conditions into consideration, requires follow-up and evaluation by the committee and the department of how the resources are used. Follow-up and evaluation of the consequences of the resource allocation are rarely performed, however, and there is therefore no basis for political discussions on how the resources should be allocated.

The Agency therefore believes that municipalities should make efforts to follow up the effects of their resource allocations. Studying the importance of resources to the results is naturally complicated. Regular follow-up of how the allocated resources are used in relation to the improvements in the results achieved is a requirement of assessing equivalence and good economic management. It is particularly important to follow up how resources are allocated to children and pupils in need of special support. Does the resource allocation support an overall view and lead to an inclusive approach?

Knowledge of the importance of financial resources to quality and results in preschools and schools is still limited. More research and local and national studies are therefore needed. Municipalities need much more support from existing research and evaluation results for their resource allocation. This could clarify what financial

or other resources could compensate for, as well as which compensatory efforts would be important.

3. Resource allocation to compulsory school – the head teachers' perspective

This is an updated and in depth study of the Agency's report on resource allocation by the municipalities, *Resursfördelning utifrån förutsättningar och behov?* The results are based on two collections of new empiricism for the year 2011. The first is a review of budget documentation from a selection of municipalities. It has been collected from childcare and education departments (or equivalent). The other is a questionnaire. It was conducted by telephone with head teachers of compulsory schools in the same group of municipalities. The analyses are based on information from the 50 most segregated municipalities in Sweden and almost 350 compulsory schools.

More municipalities take socioeconomic differences into consideration

The report investigates how Sweden's 50 most segregated municipalities allocate resources to their municipal compulsory schools. The schools in these municipalities have relatively different socioeconomic backgrounds. The results from these municipalities can therefore be considered a ceiling for how far-reaching the differentiation in resource allocation could be in the rest of Sweden's municipalities. The need to take socioeconomic background into consideration is greater in the municipalities in the study than in Sweden's municipalities in general.

The analysis of the budget documentation from the 50 municipalities yields two main results. Firstly, it shows that the same type of resource allocation models that the Agency found in the municipalities for 2007 is also used in 2011. This means that resource allocations in the municipalities are based on volume. It also means that additional resources are used either for pupils in need of special

support or based on the socioeconomic structure (or a combination thereof), or that they are based on the previous year's budget/negotiation model. Volume-based resource allocation on its own was not used in any of the 50 municipalities in 2007 or 2011.

Secondly, the analysis shows that more municipalities use a resource allocation model with a socioeconomic addition. Of the 50 municipalities in the study, the number that takes socioeconomic differences between schools into consideration in their resource allocation has increased during the period 2007–2011. In 2011, about three-quarters of the municipalities in the study used a resource allocation model with a socioeconomic factor. The corresponding figure for the financial year 2007 was approximately two-thirds.

The analyses also show that the proportion of the budget allocated as a socioeconomic supplement has increased in several of these municipalities. In the municipalities that had allocation models in 2007 and 2011 and in which some part of the budget was allocated based on the schools' socioeconomic structure, 28 municipalities, the proportion of the budget allocated based on socioeconomic factors increased slightly in eight municipalities. The proportion decreased in two municipalities.

The fact that resources are differentiated in the municipalities in the study according to the differing conditions and needs of the schools is confirmed by the analysis of the head teachers' questionnaire. The head teachers in the schools in which the parents of the children had a low level of education (schools with a 'low level of education') more often made the judgement that they received more resources per pupil than the average school in the municipality. Correspondingly, head teachers who considered themselves as having less resources than the average for the municipality are strongly overrepresented among schools with a high level of education of the parents (schools with a 'high level of education'). The answers to the questionnaire thus indicate that there is socioeconomically controlled resource allocation in the 50 municipalities and that the schools themselves are aware of this differentiation.

There is a somewhat more negative view of how the municipali-

ties' resource allocation systems work among schools with a low level of education despite these schools almost completely dominating among those who believe that the resources per pupil at their school exceed the resource allocation for the average school. Even though there is insight at these schools that they receive more resources than many other schools, it can still be seen as not enough. In other words, it could be interpreted as the allocation system still not redistributing the resources enough, according to these head teachers.

Resources to pupils in need of special support and higher teacher density are prioritised

In municipalities with a compensatory resource allocation system, schools with worse socioeconomic conditions receive a proportionately larger share of the municipalities' resources. One of the questions in this report relates to what the compulsory schools that are allocated extra resources use these resources for and which areas, in general, should be prioritised if the financial scope allowed it.

On the whole, the results, based primarily on schools with a low level of education, suggest that the extra resources are used in a direct way to increase the provision of equivalent opportunities in school. This could be by increasing the time the teachers spend with each individual pupil. Almost all the schools say that the extra resources have gone to increasing support for pupils with a different mother tongue. Only a few schools have used the extra resources to raise the salaries of some teachers. It is possible that the latter reflects the case that they have preferred to invest in (and may have done so) raising the teachers' salaries in general than increasing the pay differential between them. It may also be an expression of the scope to act that such measures are not solely down to the head teacher.

All the schools in the study, i.e. not just those that said they had more resources per pupil than the average school, also had to state their priorities if their financial scope were to increase at school level. The general trend is to prioritise more staff-intensive resources aimed at pupils with a low level of education. This applies to, for example, higher teacher density, more specialist teachers, more sup-

port for pupils with a mother tongue other than Swedish and more staff within pupil wellbeing (for example, welfare officers, special needs teachers, school nurses). Capital-intensive resources aimed directly at teachers are prioritised more at schools with a high level of education. This refers primarily to competence development for the staff and raising the salaries of some staff. With regard to competence development, this also has a fairly high priority in schools with a low level of education. The remaining differences are partly linked to the different needs between different types of schools. This can also reflect different economic conditions for school activities in general or a different view on education and teaching.

Great scope for head teachers to allocate resources

The head teacher survey asked questions about the head teachers' authority to decide on resource allocation at school level. The head teachers themselves felt that they had great scope to act at school level and they had great scope to make decisions on how the resources should be used at their school. Most of the head teachers said that they could reallocate resources between activities in the way that was deemed best overall.

The greatest scope for head teachers to act concerned the school's organisation in classes, groups and working teams. In general, they also felt that they had a great degree of freedom to act on decisions on other resources, the exception being use of the premises. About half of the head teachers said that the decisions were in the main taken at management level with regard to the premises. In the relatively few cases in which the head teachers in the questionnaire said that their scope to act was limited, this did not seem to mean that they felt that the decisions were taken at municipal level however. It is therefore more likely that it reflects that the resources are generally lacking in these cases, which limits the actual scope to act. If these resources had become available, the head teacher and working teams would have had the authority to direct them at specific measures.

Given the collective resources at the head teacher's disposal, nothing emerges from this study that particularly prevents municipalities and head teachers from allocating resources based on different needs. Nor does anything in the material collected for this study point to this differing between schools with different socioeconomic conditions (schools with low and high levels of education of the parents respectively). According to the government's assignment, for this report, the Agency should, if deemed possible, identify factors that directly or indirectly affect resource allocation and that could lead to the provisions of the steering documents on the rights of all pupils to develop as far as possible not being met. The above results suggest that there are no obstacles to adapting resources to the needs of pupils due to limitations in the head teacher's authority. At school level, there are therefore conditions for the pupils' rights to develop being met.

Follow-up and dialogue can make a difference

In the report *Resursfördelning utifrån förutsättningar och behov?* the Agency points out that it is worrying that there is a lack of planned follow-up of the consequences of the municipalities' resource allocation. For the resource allocation to be successful, municipalities and schools must follow up how the resources are used and how they affect the results of the activity. There is also a requirement for the knowledge of the effects of the resource allocation to be used when the resources are distributed. Not until then can we talk about planned resource allocation. If such follow-ups are not carried out it becomes problematic. There would then be no background to the political discussion on how resources should be allocated.

Follow-up at municipal level

According to the head teachers who replied to the questionnaire for this study, no general use is made by the committee or department through dialogue, verbally or in writing with the school's staff to evaluate regularly how the allocated resources affect the school's

results. The analysis of the head teachers' questionnaire shows that a minority of head teachers in the study (four out of ten) thinks there is regular dialogue with the committee or department on how the municipality's resource allocation affects the pupils' results. Of those head teachers who say they have a dialogue, a minority feels that the dialogue affects the resource allocation for the school in the coming year. Schools with a low level of education more often have a dialogue with the committee or department on how the municipality's resource allocation affects the pupils' results than schools with a high level of education.

Regular follow-ups of the municipal resource allocation, according to the results in this report, seem to strengthen the school's influence on resource allocation. Of the schools that have a regular dialogue with the committee or department on how the municipality's resource allocation affects the pupils' results, it is more common for the head teachers to feel that the dialogue is important to the following resource allocation. Of the schools that hold such a dialogue it is also more common for the head teachers to feel that the municipality's resource allocation system takes individual needs into consideration.

As mentioned above, it is clear that schools with a low level of education have a more regular dialogue with the committee or department on how the resource allocation affects the pupils' results than schools with a high level of education. The difference is reasonable if it reflects that the municipalities are particularly interested in knowing how the resources are used in schools in which the results are generally lower and the resources being invested are normally greater. Judging from the head teachers' view on the municipal resource allocation, the results also suggest that there is more to do with regard to the committee's or department's follow-up of how the resources are used at the school. Without the corresponding analysis of the committee's and department's view on this, however, no reliable conclusions can be drawn on whether the follow-up is insufficient. It is important, however, that the municipalities continue to work to follow up regularly how the resource allocation in compulsory school affects the activity.

Follow-up at school level

It is important that there is also an awareness of the school's way of following up how the resources are used. Planned resource allocation in the local school could be about the head teacher or school management investigating the effects of resource allocation in the activity and using this knowledge in the next resource allocation. The report analyses the extent to which the head teachers themselves think that evaluations of resource allocations are carried out at school level and if this follow-up affects the schools' resource allocation. According to the head teachers, there is follow-up of the local school's resource allocation. Overall, the resource allocation is followed up in nine out of ten schools in the study, according to the head teachers. Half state that this is done through investigations that result in a written report and the other half that it is through discussions.

Schools with a low level of education document in writing their follow-up of the resource allocation to a higher degree than schools with a high level of education. Documenting in writing should promote, in particular, a regular dialogue with the municipality on the municipality's resource allocation. The results also suggest that schools that do this hold regular dialogues with the committee/departments to a higher degree than schools at which the follow-up is only through discussions.

According to the head teachers, the evaluations do not only cover their own resource allocation. The knowledge from the follow-up is also used in the resource allocation. Nine out of ten head teachers who followed up the resource allocation in some way felt that the follow-up of resource use in their own school was important for the resource allocation at the school the following year.

Active and deliberate resource follow-up

Successful resource allocation redistributes resources to the areas and schools that need them most to increase the equivalence of education and increase the number of pupils who meet the targets of compulsory school. The Agency's report *Resursfördelning utifrån*

förutsättningar och behov? confirms the great difficulties that exist, however, based on the available data, school results as well as resources/resource allocation, to carry out effect studies of different resource allocation principles.

It is not just the resources direct to the school that are important but also which resources the area around the school has, for example, social services and the labour market.

The labour market measures in a socially disadvantaged area can also be very important to the school in the area. It can therefore be misleading to study only the school and the school's resources. Municipalities in Sweden have different conditions, and principles for resource allocation that work in one municipality do not necessarily work in another. It is also difficult to isolate the effects of the resource allocation on school results from other factors. This report therefore does not raise any individual municipalities and school areas as successful examples. No specific model is presented for how resource allocation should be shaped in Sweden's municipalities.

One success factor of resource allocation by municipalities and schools, however, is active and deliberate follow-up of the resource allocation. Systematic follow-up creates conditions for effective resource allocation that is continually adapted to the different needs at the schools and of the pupils. Such quality work is linked to different levels of responsibility and involves responsible authorities, head teachers and teachers. The responsible authority has ultimate responsibility, but the head teachers and teachers also have clear responsibility for the development of their school.

The report studies the head teachers' views on how extensive and important the follow-up and evaluation of the resource allocation are at municipal and school level. The results thus do not provide a comprehensive picture of how the resource allocation is done and followed up, as representatives from the school committee and department are not spoken to. It does provide valuable information on the attitudes and views of head teachers on resource allocation however.

Follow-up and evaluation are a requirement of effective resource

allocation, but this is not enough. From the information in this study, the quality of the follow-up work cannot be assessed from what is being discussed or from what is documented in writing. It is not enough to evaluate – it has to be done well too. More support for the municipalities, for example, based on research results, is important. They need tools and it is not reasonable that these should be invented in every municipality.

The results of the report show a covariance in the dialogue between municipal and school level on the one hand and the importance of municipal follow-up for resource allocation on the other. If the dialogue is carried out regularly, the head teachers tend to feel that the municipal follow-up is important to the next resource allocation. Likewise, the evaluation is seen at local school level as leading to a change in resource use at the school. The results also show that the written documentation of resource use at local level coincides to a higher degree with regular dialogue with the committee and department than with just discussions. Written documentation should reasonably lead to a more thought-through way of working and a more meaningful dialogue with the committee/department. Active and planned work on resource allocation at municipal and school level thus includes follow-up of resource allocation that is documented at both levels and there is ongoing dialogue between the committee/department and the school. Regardless of which models are used for resource allocation in the municipalities, this way of working is necessary for the success of the work for greater equality and target fulfilment in Swedish schools. Factors that may be important to efficient resource allocation are therefore:

- The committee and department must be informed of how their resource allocation affects the pupils' results at the schools. This is a condition of planned resource allocation.
- Regular dialogue between the committee/department and the head teacher can be important to the school's resource allocation.
- A condition for a head teacher and the school management being

able to make a well-considered resource allocation within their school is that the school systematically follows up and evaluates how the resources are used.

- The quality of the systematic follow-up is decisive. The school must be able to use the knowledge of the follow-up when resources are allocated to subsequent budgets.
- Written documentation is a requirement of systematic follow-ups being possible at school level. Such basic information makes a dialogue with the committee and department possible and meaningful, which in turn can be important for resource allocation to the school.

The Swedish National Agency for Education has conducted two studies on resource allocation to schools by municipalities, *Resursfördelning utifrån förutsättningar och behov?* (2009) (Resource Allocation Based on Conditions and Needs?) and *Resursfördelning till grundskolan – rektorers perspektiv* (2011) (Resource Allocation to Compulsory Schools – the Head Teachers' Perspective).

One of the overall aims of the studies was to contribute to a discussion on, and to a development of, the principles of resource allocation.

This report provides a summary in English of the most important results of the two previous studies.