SCHOOL REFORM: A SURVEY OF RECENT INTERNATIONAL EXPERIENCE

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1. INTRODUCTION

1. The October 2005 Schools White Paper, "Higher Standards, Better Schools for All"[1] set out a series of reforms designed to raise standards and equity throughout the school system through a combination of greater autonomy for schools, diversity of provision, more innovation, choice & contestability and parental engagement. The White Paper reforms were principally built on the evidence and experience of what has worked in the UK. Particular lessons were learnt from the successes of specialist schools, the academies program, the governance arrangements of voluntary-aided and foundation schools; and policies to tackle failure.

2. The government is also aware that many other countries have experience of school reform. This paper sets out some of that evidence. It focuses on European and Anglo-Saxon countries that have introduced significant educational reforms in the past couple of decades or are currently introducing reforms. It does not consider lessons from high performing countries like Japan and South Korea because of cultural differences, or less developed countries that have introduced choice reforms like Chile, though there are obviously lessons to be learnt from them. The paper looks at the experiences of Sweden, the USA, New Zealand, the Netherlands, Denmark, Norway and Finland.

3. For each country, the paper:
   - describes the context in which its education system operates;
   - reviews the main features of its school system;
   - discusses recent reforms; and
   - reviews the available evidence on the impacts of reforms on key outcomes, including educational standards and equity.

4. The most important conclusion drawn from the international evidence on school reform, and particularly reforms to extend parental choice, is the importance of getting the detailed system design conditions right. This is a finding of work on public service reform more generally.[2] Under the right conditions, extending parental choice can raise educational standards, promote innovation, encourage greater responsiveness to parents' and pupils' preferences and promote equity. However, poorly

[1] *Higher Standards, Better Schools For All*, DfES, 2005. CM 6677.
[2] *The UK Government's Approach to Public Service Reform – A Discussion Paper*, Prime Minister's Strategy Unit, June 2006 – available at www.strategy.gov.uk

designed reforms may favour the better off and may also lead to increased segregation of social and ethnic groups.

5. For choice-based systems to be successful in raising educational standards *for all*:
   - parents – particularly parents of disadvantaged children – need to be provided with high quality information, guidance and advice about the options open to them;
   - help with the costs of making choices, such as covering the costs of transport to alternative schools, should be provided for those who need it;
   - schools should be prevented from "cream skimming" (selecting the cheapest to teach or most able to learn) by putting in place funding regimes that reflect the higher costs of teaching some groups and by using regulation and statutory guidance to prevent unfair selection;. The experience of New Zealand shows the importance of regulating the over-subscription criteria schools can use e.g. through a code of admissions, to provide an incentive to improve teaching and learning rather than just improving intakes; and
   - above all, early effective action should be taken to tackle failing or poorly performing schools and increase the supply of good schools. Ultimately, the greatest safeguard against adverse effects on social inequalities and segregation is to make sure there are more good schools. Choice, the removal of barriers both to the expansion of good existing schools and the entry of good new schools to the system, and other reforms all have a role to play in this – with funding following parental choices so good performers are rewarded and can expand, and poor performers penalised. Evidence from Milwaukee suggests that where schools face no financial implications from not attracting pupils there is only a limited behavioural response to choice.

6. These lessons have informed the reforms in the Education and Inspections Bill 2006. These reforms include:
   - increasing the ability of all parents to choose effectively, through dedicated **choice advisers** to help the least well-off parents and **better information** for all parents when their child enters primary and secondary school;
   - help with the costs of making choice for those who need it, though extending the right to **free school transport** for children from poorer families to their three nearest secondary schools within a six mile radius;

- additional funding for targeted **one-to-one tuition** in English and maths in the schools with the most underperforming pupils, to help those falling behind to catch up with their peers;
- making it easier for schools to introduce banding into their admissions policies and strengthening the admissions code to prevent cream skimming;
- **a new role for local authorities**, commissioning rather than providing education, to support parents' choices and diversity of provision;
- enabling successful and popular schools to expand or federate; closing schools that are failing or fail to improve; and running competitions for the provision of new schools; and
- enabling all schools to acquire self-governing **Trust status**, giving them greater freedoms to work with new partners and to collaborate with other schools, whilst remaining within the strong accountability framework that all schools face.

2. SWEDEN

Summary

- Sweden is a relatively small, homogenous country, with high levels of educational attainment and equity.

- Since the reforms in 1992, Swedish parents have had the right to choose between state-operated schools and state-funded independent schools. Barriers to entry for new schools are low, within a framework of fair funding and admissions.

- There has followed a significant entry of state-funded independent schools. Parental satisfaction is very high, with 90% of parents now in favour of having a choice over which school their child attends. Innovative organisations have entered the school system and large "chains" of schools have emerged.

- Lack of standardised achievement data makes quantification of the impact on standards hard, but studies have found mathematics grades in government-operated schools have improved fastest in areas where there has been greater entry of independent schools into the state sector.

- There is no firm evidence on the impact of the reforms on segregation or equity. But a decade after the reforms, Sweden is one of the least ability-segregated school systems in the OECD. In areas where parents have been encouraged to choose by their local authority and given support and information to help them do so, the least well-off do appear to take advantage of the choices they have.

Context

7. Sweden is a small country with a population of around 9 million, of which 1.6 million are aged 0-14. Population density is low with 20 people per square kilometre: only 8% of the population density in the UK. Sweden has a relatively homogeneous population with few ethnic minorities. Income inequality is relatively low with the Gini coefficient in Sweden being 0.24 compared to 0.33 in the UK.[3]

[3] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster

8. In general, Sweden performs well on international education tests.[4] Headline results show it is in the top third of OECD countries for the mean performance of children in reading literacy and about average for performance in maths.

9. The impact of socio-economic status on results is relatively low, particularly in reading literacy. There also appears to be very little segregation by ability between schools, with only Iceland having lower variation between the average performance of different schools in reading literacy. Further details on the performance of countries in international tests can be found in the appendix.

The Swedish education system and reforms[5]

10. Prior to 1990, the Swedish school system was heavily centralised, with high Central Government involvement in the day-to-day running of schools through a National Board of Education which had financial and regulatory control and implemented a heavily prescriptive national curriculum.

11. All children attended the school that the Government allocated them to, based on a 'catchment area' system. The only choice that parents exercised over which school their child attended was through choice over which area they lived in.

12. The early 1990s saw two key reforms: increasing local autonomy over education policy; and increasing the choices offered to parents over the school that their child attended.

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and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

[4] Data used for international comparisons from PISA 2000. This is because there is no internationally comparable data for England in PISA 2003 due to low response rates. However the general conclusions about the performance of each country in this review do not alter substantially between PISA 2000 and 2003. Further details about international tests can be found in the appendix.

[5] For an overview of reforms, see "*School choice works! The case of Sweden*" – Bergström and Sandström – School Choice Issues 1(1), Friedman Foundation (2002a) [http://www.friedmanfoundation.org/resources/swedenstudy0103.pdf]

Increasing school autonomy and transferring responsibility to local government

13. In 1991, responsibility for schools was transferred to local government, giving it more autonomy over the organisation of the local school system:
    - financial resources began to be distributed to schools through local government;
    - the national curriculum was made significantly less prescriptive; and
    - Central government's role was scaled back to monitoring, evaluating and inspecting schools, providing information and researching and spreading good practice.

Giving parents more choice

14. The 1991 Act on Freedom of Choice and Independent Schools extended the choices offered to parents over which school their child attended. The Act, which came into force in 1992, compelled local authorities to give state funding to independent schools, providing they were licensed by the National Agency of Education (NAE):
    - initially the level of funding was set at 85% of average per-student spending in each local authority. Independent schools were allowed to charge a small fee to make up the difference; and
    - in 1997, local authorities were given a new duty to fund independent schools on "the same basis as funds are allocated between public schools in the local authority". This was combined with making the charging of top-up fees by independent schools illegal.

15. The 1991 Act also introduced a new duty on local authorities to allow parental choices between government-operated schools – provided there was sufficient existing capacity in the school of the parent's choice:
    - However, the way this is generally interpreted by local authorities is that parents should be given a choice only if they actively disagree with their child's allocation to their 'catchment area' school. Limited support is given to encouraging parental choice in many areas of Sweden[6].

[6] A survey of local authorities in 2002 found that only half had even *discussed* school choice, mainly due to the fact that choice is infeasible for many parents as Sweden is a highly rural country – see *"School*

The key features of the Swedish reforms

Licensing of new independent schools

16. Independent schools are only allowed to enter the school system if they are licensed by the National Agency of Education. To obtain a license they must meet a number of criteria:[7]
    - follow the national curriculum and work in line with national educational targets;
    - be open to all, regardless of ability, religion or ethnic origin;
    - be open to inspection by the NAE and the local authority;
    - demonstrate there at least 20 students willing to attend the school;
    - demonstrate they have sufficient funding to start-up (no financial support is given to independent schools to support start up);
    - not charge any tuition fees; and
    - follow regulations on teaching staff, the type of people who can run a school etc.

17. Local authorities are allowed – and often do – appeal against the opening of new independent schools, although they have no powers to veto new entry. In the event of an appeal, the NAE makes a judgement based on whether there is "evidence that creation of a new school will have long-term negative consequences for the local public school system". However few appeals are accepted by the NAE. For example, in 2000, of 138 applications for new primary/lower secondary schools that were not withdrawn, only 2 were rejected due to concerns of the local authority.[8]

18. Acceptable admissions criteria that licensed independent schools in Sweden can use in the event of over-subscription are:[9]
    - catchment area;
    - presence of siblings in the school; and
    - date parents applied to the school (waiting lists).

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choice and its effects in Sweden: A summary" – National Agency of Education Report 230 (2003) http://www.skolverket.se/publikationer?id=1204

[7] Source: correspondence with National Agency of Education officials

[8] Bergström and Sandström (2002a)

[9] Source: correspondence with National Agency of Education officials

Capital funding

19. No funding is given to new independent schools to help them meet the costs of start up. As a result, financing new entry is a key barrier to entry to the Swedish schools system; indeed 40% of independent schools that obtained a license in 2001 did not start up in the following year, mostly due to problems in obtaining facilities and meeting start-up costs.[10]

20. However, the costs of entry are reduced significantly by limited central regulation of the standards that school premises have to meet and by encouraging the creation of small schools.[11] Many new independent schools have, for example, converted houses for use as schools.

21. The development of 'chains' of schools who are able to pool resources to meet the costs of opening new schools in the chain have made it easier to finance the costs of entry and find the expertise necessary to successfully manage the process of entry.[12]

Information and support given to parents

22. The provision of information and advice given to parents in making their school choice decisions in Sweden is patchy.[13] Some local authorities (such as the Nacka municipality in Stockholm), give comprehensive information, support and encouragement to parents to exercise their choices.[14] However, many local authorities give little information to parents and do not encourage parents actively to make a choice – only 50% of parents say that they are given enough information to be able to make a choice of school.[15] There is no legislative and little other central government encouragement or support given to local

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[10] See *"Decentralisation and choice in Sweden's school system: Policy lessons for Canada"* – Helen Raham- Society for the Advancement of Excellence in Education Occasional Paper 7 (July 2002) http://www.saee.ca/pdfs/014.pdf

[11] 2002 data from Statistics Sweden shows that the average size of independent 7-16 schools is 112 pupils versus 218 pupils in local authority schools. In post-16 schools, the average size of independent schools is 132 pupils, versus 645 in local authority schools

[12] These chains operate 30% of Independent schools in Sweden; see Bergström and Sandström (2002a)

[13] Source: discussions with officials, evidence from the NAE (50% of local authorities have not considered impact of choice) and comparison of literature given to parents prior to choice.

[14] *"Customer Choice in Nacka: The Right to Choose School"* – Nacka Municipality, Stockholm, Sweden (2002) – see www.nacka.se and www.nacka24.nacka.se

[15] See National Agency of Education (2003)

authorities in providing support and information to parents in exercising their choices.[16]

23. Limited support for school transport is provided to parents in exercising their choices – local authorities only have to provide free transport to a child's local school. If a parent wishes to choose a non-local school, they usually must meet the costs incurred by their child in travelling to that school.

The impact of reforms on educational outcomes in Sweden

New entry of schools and parental choice

24. There has been significant new entry of government-funded independent schools. In 2004/05 there were just over 1 million pupils in Sweden's 4,963 compulsory schools.[17] Of these, 565 schools were independent state schools, located within 171 of the 290 municipalities.[18]

Table: 1 Extent of independent state schools in Sweden

	Independent state schools	% of all schools	Pupils in independent state schools	% of total pupils	% of municipalities with independent state schools
1992/93	122				
1997/98[19]	296	6%	26,993	3%	41%
1998/99[17]	331	7%	30,682	3%	43%
1999/00[17]	371	7%	35,175	3%	45%
2000/01	418	8%	41,501	4%	48%
2001/02	475	9%	51,081	5%	51%
2002/03	528	10%	57,637	5%	55%
2003/04	554	11%	65,036	6%	57%
2004/05	565	11%	69,451	7%	59%

25. While this may seem a modest rate of entry, most of Sweden is highly rural reducing the feasibility of new schools entering the market – in

[16] Unlike in England and Wales, where the duties of local authorities to encourage parents to choose and provide them with information through composite prospectuses are clearly articulated in legislation

[17] There are voluntary pre-school classes for six-year-olds. Pupils then enter straight-through, single compulsory comprehensive schools for 7-16-year-olds. There are separate upper secondary schools at 16-20+ and for adults.

[18] *Skolverket* annual school statistics volume

[19] Includes international schools and national boarding schools, although in 2000/01 there were only three boarding schools and seven international schools

urbanised areas a far higher proportion of children attend independent schools. For example in the Taby municipality, Stockholm, 28% of children attended independent 7-16 schools in 2002.[20]

26. Innovative organisations have entered the school system, such as Montessori and Steiner, and some of their techniques have been adopted by existing state schools. As noted earlier, choice has been associated with the development of large school chains (30% of independent schools in Sweden are part of these chains).[21]

Parental satisfaction

27. 90% of Swedish parents now support parents being given a choice over which school their child attends.[22] Most parents in Sweden are satisfied with the school their child goes to.[23] The National Association of Education found that parents who exercised a choice were more satisfied than those who did not and that most of those dissatisfied with their school did not make a choice.[24]

28. In one local authority that gives parents a lot of support in making an active choice of school (Nacka municipality in Stockholm) 99% of parents are able to choose their preferred pre-16 school. Parental satisfaction with the school system has risen from 79% prior to the choice reforms to 87% now.[25]

Impact on standards

29. Several studies conclude that the choice reforms have had a positive impact on standards – Bergstrom and Sandstrom (2002),[26] Ahlin (2003)[27]

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[20] Source: correspondence with Statistics Sweden
[21] Bergström and Sandström (2002a)
[22] National Agency of Education (2003)
[23] NAE differentiate between results from local authorities where there is relatively greater opportunity for choice and other authorities. This group are called 'choice authorities' and comprise Botkyrka, Stockholm, Sodertälje, Uppsala, Helsingborg and Vasterås.
[24] National Agency of Education (2003)
[25] See Nacka Municipality (2002)
[26] Bergström and Sandström (2002a) and *"School vouchers in practice: Competition won't hurt you"* - Bergström and Sandström – Research Institute of Industrial Economics (IUI) Working Paper 578 (2002b) www.iui.se
[27] *"Does school competition matter? Effects of a large-scale choice reform on student performance"* – Åsa Ahlin – Uppsala University Department of Economics Working Paper (2003) http://www.nek.uu.se/pdf/wp2003_2.pdf

and Bjorklund et al (2004)[28] all find that the performance of children in municipal schools improves as the percentage of children enrolled in independent schools increases – where these competitive pressures are more intensive, performance is higher.

30. Both Bergstrom and Sandstrom (2002) and Ahlin (2003) find statistically significant beneficial impacts on mathematics, but not for Swedish and English. The reason for this differential impact is unclear. One hypothesis would be that parents place a greater weight on mathematics than languages, thus giving schools an incentive to focus on improving in this area.

31. Bjorklund et al[29] find small gains only for native-born pupils with well-educated parents (although other students are not hurt by competition from independent schools) and conclude that "the extra competitive pressure (in Sweden) added by allowing a choice of independent schools is probably relatively minor". This may be in part due to the limited impact of choice in many areas due to the fact that Sweden is such a sparsely populated country. 41% of local authorities have had no entry at all from independent schools and a survey of local authority officials in 2002 found that half said that school choice is not a matter that had been discussed within the authority.[30]

32. Bjorklund et al note that the ability of parents to choose an alternative local authority school is also likely to have had an impact and should be taken into account, although no research has been done into this as yet.

Impact on segregation

33. While there are no direct studies of the impact of the 1992 choice reforms on segregation,[31] some studies[32] have looked at the characteristics of parents who choose independent schools:
    - they find that those with a university education are 4.5 percentage points more likely to send their child to an independent school than students with parents that have only compulsory education. Foreign-

[28] *"Education, Equality and Efficiency – An analysis of Swedish school reforms during the 1990s"* – Anders Björklund, Per-Anders Edin, Peter Frederiksson and Alan Krueger – SNS Welfare Policy Group (2003) http://cep.lse.ac.uk/seminarpapers/06-02-04-BJO.pdf
[29] Björklund et al (2003)
[30] National Agency of Education (2003)
[31] Lack of standardised achievement data make such assessments difficult
[32] See Björklund et al (2003)

born students are 3.3 percentage points more likely to attend independent schools than native-born students; however

- these differences disappear if only independent schools with a general ethos are included (44% of independent school students are educated in such schools). This suggests much of the relationship between independent school enrolment and student background comes from schools with a particular profile, be it a subject, pedagogical, confessional or ethnic.

34. One study[33] has suggested that the choice reforms have had a segregating impact, although there is no solid empirical basis to this claim. It is based on anecdotal evidence from local authorities and includes case studies from just two schools. There is no attempt to isolate the impact of choice reforms from other potential drivers of segregation.

35. In a separate reform, Stockholm City municipality introduced selection by ability into upper secondary schools in 2000. A study investigating its impact showed segregation in schools rose along the lines of ability, immigration and socio-economic status compared schools elsewhere in the county. There was no change in the degree of residential segregation. This study could be misinterpreted as providing support for the hypothesis that the choice reforms in Sweden have caused segregation.[34] Rather, it lends support to the hypothesis that allowing schools to select by ability leads to higher segregation.

36. PISA results show that more than a decade after the reforms, Sweden is one of the least ability-segregated school systems in the OECD.[35] While these results cannot be used to compare levels of segregation before and after reform it is clear that, post-reform, segregation by ability is still at a very low level in comparison with other countries. Recent research, also using PISA, suggests that social segregation (on the basis of the Dissimilarity index) is also one of the lowest in the OECD.[36]

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[33] National Agency of Education Report 230 (2003); this was the study suggesting that segregation in Sweden has increased that was cited by the NUT given in their evidence to the Education and Skills Select Committee enquiry into the Schools White Paper

[34] *"School choice and segregation: Evidence from an admissions reform"*- Söderström and Uusitalo – Institute for Labour Market Policy Evaluation (IFAU) – Working Paper 2005:7 (January 2005) http://www.ifau.se/upload/pdf/se/2005/wp05-07.pdf

[35] OECD (2000, 2003) http://www.pisa.oecd.org/pages/0,2987,en_32252351_32235731_1_1_1_1_1,00.html

[36] Micklewright et al (2006) 'Social Segregation in Schools: How does England Compare with Other Countries?' ISER Working Paper 2006-2. Pooled data for PISA 2000 and 2003 used. Further details of results can be found in the appendix.

Impact on equity

37. In terms of the impact of *reforms* on equity, Bjorklund et al[37] conclude that "there is no evidence suggesting that students are hurt by competition with independent schools" but foreign-born students and children with poorly educated parents do not gain from an increase in the percentage of children attending independent schools in a local area. International comparative research suggests however that Sweden continues to have one of the most equitable school systems in the OECD.[38]

[37] Björklund et al (2003)
[38] OECD (2000, 2003)

3. THE USA

Summary

- The US is a large, urbanised country, with relatively poor outcomes on international tests. The system has traditionally been characterised as one of little choice with children allocated to their neighbourhood school. Segregated neighbourhoods led to segregated schooling.

- The No Child Left Behind Act was introduced in 2001, with bipartisan support, to hold schools more accountable for their performance and provide more choice for parents whose children attend poorly performing schools. It is too early to evaluate this policy, but evidence is available from a number of earlier related policies at the state level:
    - **Accountability systems**: Evidence from Florida suggests that poorly performing schools are more likely to improve if they are faced with the threat of parental choice (and the real prospect that funding will follow the pupil away from the school) even without the children necessarily leaving.
    - **Charter schools:** The experience of publicly-funded independent "charter schools" is mixed, reflecting the diversity inherent in the policy and the different accountability and funding regimes operating in different states.
    - **Other parental choice schemes**: The experience of Milwaukee suggests a well-designed parental choice scheme can enhance standards and equity. Key design features are that schools have financial incentives to compete for students through funding following the pupil, that parents are able to exercise their right to choose and that schools have freedom to innovate.

Context

38. The US is a heavily urbanised country with a population of 293 million, around five times higher than the UK. Population density is low on average with 30 people per square kilometre (12% of the population density in the UK), although this varies dramatically by state. The US is ethnically diverse with nearly one in four from a minority ethnic group (13% black, 4% Asian, 2% native and 4% 'other').[39] Minority ethnic

[39] Source: US Census 2000. Around 12.5% of the US population are Hispanic. However Hispanic is not a standard US race category – according to census 2000, just under half of Hispanics are classed as 'White' and a similar proportion are classed as being part of 'some other race'.

representation is higher in cities and communities are often racially segregated. Income inequality is high in the US with a Gini coefficient[40] of 0.36 compared to 0.33 in the UK.

39. US performance in international tests is modest, at about the OECD average in both reading literacy and mathematics. For example in PISA 2000 the US was the 15th highest performer in the OECD in reading literacy and the 18th highest performer in mathematics out of 27 participating OECD countries. In the same test, the UK was the 7th highest performer in reading and the 8th in maths.[41]

40. The impact of socio-economic status on results is moderate relative to other OECD countries, although the effect of socio-economic status appears to be greater in mathematics. However the absolute performance of the least well-off is below the OECD average compared to similarly deprived pupils elsewhere: The US has the 13th highest performance of deprived pupils in reading and the 17th highest performance of the worst-off in maths – in comparison the UK came 9th and 8th respectively. Further details on the performance of countries in international tests can be found in the appendix.

41. It is important to note that the US system of education is highly decentralised with provision of primary and secondary education set at the state level. As a consequence, there is a great deal of variation in the provision of education, and subsequent availability of school choice, by state.

The US school system prior to reform

42. Prior to the introduction of the No Child Left Behind Act in 2001, there was 'no school choice' for many parents – children were generally allocated to their closest school on the basis of where they lived.[42] Only those who were able to move neighbourhoods or opt out of public education were able to determine where their child went to school.

[40] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

[41] Research estimating the extent of response bias in the English samples of PISA 2000 and 2003 suggests that the bias in mean scores would have shifted England's position by about one place. Further details can be found in the appendix.

[42] There were however some exceptions to this, with some areas of the US introducing charter schools and vouchers in the 1990s

43. The outcomes produced by the US system[43] were poor (relative to other countries) in terms of educational standards (particularly amongst the least well-off); equity between groups; and the degree of racial and other segregation driven by extensive residential segregation of ethnic minorities and low income groups. Segregated neighbourhoods produced segregated schooling. Parents of children in the catchment areas of poorly performing schools had no option but to send their children there; whilst the schools concerned had few incentives to raise their game or to pay attention to what parents wanted.

The No Child Left Behind Act[44]

44. The No Child Left Behind (NCLB) Act was introduced in 2001, with bi-partisan support, to hold schools more accountable for their performance and to provide the parents of children enrolled in persistently poorly-performing schools the opportunity to transfer to an alternative school.

45. This built on experiences in a number of US states in the 1990s of introducing more rigorous accountability systems and increasing the choices that parents were offered, through charter schools and voucher schemes.

46. Under the Act, every State had to introduce annual standardised tests to assess progress made by students in reading and maths. Each state designs their own tests based on the curricula that are set locally. The results of these tests must be disseminated to parents annually in report cards on educational performance in the school district and schools within it. Results of the tests must be disaggregated by race, gender, ethnicity, English language, disability status and low income status. Report cards must also set out the qualifications of teachers and identify schools needing improvement, corrective action or restructuring.

47. The NCLB Act applies even more strictly to those schools that receive Federal 'Title I' funding (the extra funding for schools with high proportions of disadvantaged children and ethnic minorities). For these "Title I" schools, the State must define minimum levels of improvement in student performance that schools must achieve in time frames specified by the NCLB Act ("Adequate Yearly Progress"), working towards the Federal Government's 2013/14 goal of achieving 100%

[43] PISA 2000, 2003
[44] See US Department of Education www.ed.gov; *"Managing School Underperformance with Increased Parental Choice: Interim Paper"* – Social Market Foundation 2005 (unpublished)

proficiency in reading and maths. To meet their 'Adequate Yearly Progress' targets, each school must make acceptable levels of progress towards the goal of achieving 100% reading and maths proficiency for each demographic group of children by 2013/14.

48. Intervention is triggered in "Title I" schools that do not meet their 'Adequate Yearly Progress' targets:
    - any 'Title I' school which does not make 'Adequate Yearly Progress' for two years in succession is identified as 'needing improvement'. Students in the school must be offered the option of transferring to an alternative public school in the district (which may include a charter school) that has not been designated as needing improvement. The school must develop an improvement plan and the local education authority must ensure that the school receives technical assistance in doing this;
    - if a school fails to make 'Adequate Yearly Progress' for three consecutive years, children from low-income families must be offered supplementary educational services such as tutoring or remedial classes;
    - if a school fails to make 'Adequate Yearly Progress' for four consecutive years, the local authority must implement certain corrective actions to improve the school such as replacing certain staff, implementing a new curriculum, extending the school year or extending the school day; or
    - if a school fails to make 'Adequate Yearly Progress' for five consecutive years, the local authority must initiate plans to restructure the school. Options open to the LA include reopening the school as a charter school, replacing all or most of the staff in the school or turning over the operation of the school to the state or to a private education company.

49. While the 'Adequate Yearly Progress "bar"' is set at different heights in different states, the Act has given a lot of stimulus to school reform in the USA. However academics[45] have warned of the dangers of using school test scores for accountability purposes, particularly for small schools. This is because year-on-year changes in test scores are found to be mostly due to random influences – such as classroom chemistry between teacher and class or a particularly disruptive pupil – rather than any real change in school performance.

[45] Staiger et al (2002) "The Promise and Pitfalls of Using Imprecise School Accountability Measures" *Journal of Economic Perspectives* Vol.16, No.4.

50. While it is too early to draw conclusions on the impact of the No Child Left Behind Act, similar reforms were introduced in many states during the 1990s and we can look at the impact of these. The remainder of this section therefore reviews examples of accountability systems (focusing on the experiences of Florida); charter schools; open enrolment; and other parental choice schemes (focussing on the experiences of Milwaukee, Wisconsin).

Accountability systems

51. Educational accountability systems can include goals and targets, methods of monitoring progress and forms of intervention if goals are not being met. The No Child Left Behind Act introduced stronger accountability systems linked to enhanced choice for parents where schools were poorly performing across the US. Florida has had such a system in place for several years through "The A+ Programme". Evaluation of the impact of this programme[46] shows that standards improved faster in schools where there was a greater threat of the exercise of parental choice and exit.

The Florida A+ Programme

52. The Florida A+ Programme gives children in schools that persistently fail the Florida Comprehensive Assessment Test (FCAT) the opportunity to choose an alternative school (through vouchers for independent schools). Grades are assigned to schools (A through to F) on the basis of the performance of children in each school. Choice is offered to all children attending schools assigned an F-grade in any two years during a four year period.

53. The authors of the evaluation of Florida in 2002/03 identify five categories of school based on the degree of 'threat' faced from vouchers (based on the grade that they receive):

- eligible for vouchers: Schools that have received two Fs since grades were first given in 1998/99 [Receiving vouchers];
- schools facing the threat of vouchers: Schools receiving one F-grade during the three school years before 2002/03 [High threat of vouchers];

[46] See *"Competition passes the test"* – Greene and Winters – Education Next 2004(3) http://www.educationnext.org/20043/pdf/66.pdf

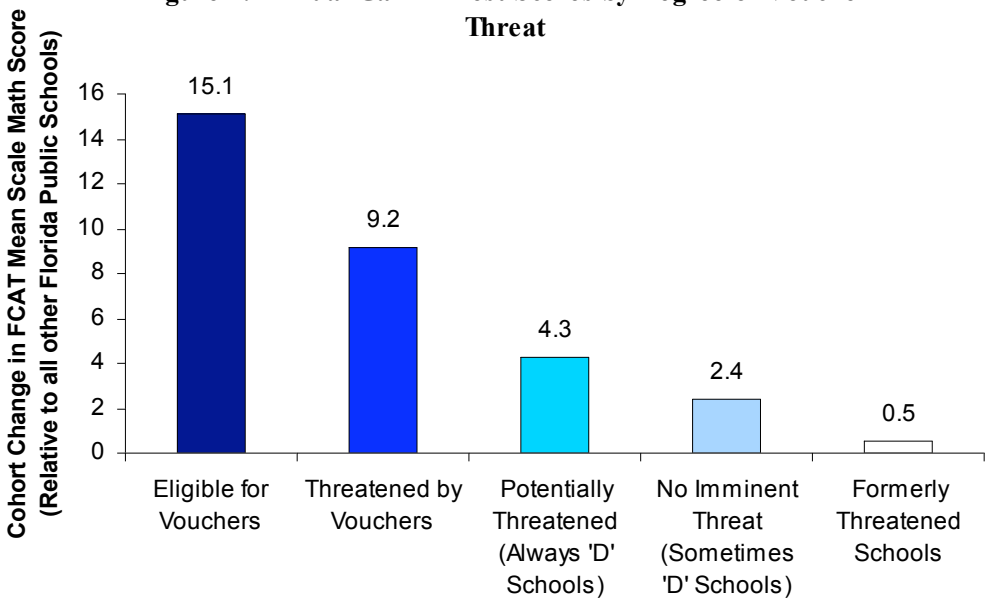
- always D Schools: These schools are not voucher threatened, but face a real prospect of doing so unless they improve. As grades are not based on average scores but on the percentage of students meeting appropriate levels of proficiency, many of these schools have lower test scores than F-schools. As a result they have real incentives to improve under the A+ Scheme [Moderate threat of vouchers];
- sometimes D Schools: [Small threat of vouchers]; and
- formerly threatened schools: Received an F in 1998/99 but none since i.e. have survived the four year 'threat' period without receiving an F-grade [Limited threat of vouchers].

The impact of the Florida A+ Programme

54. The evaluation found that the greater the degree of threat from vouchers, the greater the improvement in performance seen in 2002/03 (after controlling for demographic factors) – see Figure 1. The authors find that this result also holds when using the results of national tests (for which the schools were not accountable) suggesting that the improvement was not due to 'teaching to the test'. Similar results were found in other research.[47] Chakrabarti (2005) found that the performance gap between 'F-schools' and 'D-schools' only closed when the scheme was introduced; prior to the scheme there was a persistent attainment gap between D and F schools.

[47] Chakrabarti, R. (2005) 'Impact of Voucher Design on Public School Performance: Evidence from Florida and Milwaukee Programs'

Figure 1. Annual Gain in Test Scores by Degree of Voucher Threat



55. More recent research (West and Peterson, 2005) utilises pupil level data – as opposed to the school level data used in the research used above[48] – and uses the impact of a shake up in the grading system in 2002, resulting in over half of the schools receiving a different grade to the year before. The researchers examined the performance responses of 'shocked' schools who just dipped a grade compared to those that just managed to hang on to their grade.

56. West and Peterson found that students in 'shocked' F schools performed at a higher level in the subsequent year than students at similar schools classed as a D grade. However, when this effect is disaggregated for different groups results were only significant for African-American pupils, pupils eligible for free school lunches and low ability students. Results were insignificant for White, Hispanic and less disadvantaged pupils.

Charter schools

57. Charter schools are publicly-funded independent schools set up by a legal "charter". This allows them to be self-governing, independent of any local school district and free of many restrictive regulations allowing

[48] West and Peterson state that in using school level data, it is unknown whether gains constituted actual improvements in the performance of individual students or were due to changes in the composition of those taking the test – which could occur as the result of migration between schools or the exclusion of low-performing students from participation in these high stakes tests. See West, M and Peterson, P. (2005) 'The efficacy of choice threats within school accountability systems: results from legislatively induced experiments'

them to be more innovative than traditional public schools. They are generally established by educators, parents, community groups or private organisations with an express purpose or philosophy. The charter is a contract between the state or local school district and the school, and sets out the freedoms the school has and performance targets that the school must meet as a condition of receiving public funding. If the school does not deliver the specified educational outcomes within a certain period (usually three to five years), the charter may be revoked and public funding for the school withheld.

The impact of charter schools on standards

58. The debate on the impact of charter schools in the US is wide-ranging and energetic, revealing mixed results. In 2004 the US Department for Education published analysis which compared the attainment of just over 3000 students in 150 charter schools with around 188,000 public school students.[49] It showed that overall, charter school pupils were less likely to reach proficiency in maths than public school pupils but that there was no difference in reading proficiency.

59. This report was fiercely contested on methodological grounds and sparked a number of research studies demonstrating that charter schools produce gains in attainment. For example Hoxby's 2004 study compared national charter school performance to matched public schools and found that charter school students were around 5% more likely to be proficient in reading and 3% more likely to be proficient in maths than their peers in similar regular public schools.[50] However Lubienski and Lubienski (2006) have recently criticised this research.[51] They found that after controlling for demographic and location differences, charter schools did not perform as well as public schools in 4th grade but did better (although not statistically significantly) in 8th grade.

60. The difficulty in detecting national effects may reflect differing laws governing them from state to state; different funding regimes that exist

[49] Several academic studies have been conducted into the performance of charter schools. The Federal evaluation report *"Evaluation of the Public Charter School Programme: Final Report"* – US Department of Education (2004) can be found at http://www.ed.gov/rschstat/eval/choice/pcsp-final/finalreport.pdf. There are many sites dedicated to disseminating research findings on Charter schools – see for example http://www.uscharterschools.org/

[50] Hoxby (2004) 'Achievement in Charter Schools and Regular Public Schools in the United States: Understanding the Differences'

[51] Lubienski and Lubienski (2006) 'Charter, Private, Public Schools and Academic Achievement: New Evidence from NAEP Mathematics Data'

and the degree of local experimentation and diversity inherent in the policy.[52]

61. Positive effects of charter schools have been found in more localised studies – for example in Chicago charter schools where allocation of places in oversubscribed charter schools was conducted by lottery. Research into the impact of these charter schools on standards finds that compared to lotteried-out applicants, students who attend charter schools starting in the elementary grades score about six national percentile rank points higher in both maths and reading.[53]

62. Some studies have also found that the performance of state schools has improved in response to competition from charter schools. Hoxby's analysis of the impact of charter schools in Michigan and Arizona finds that public schools facing charter competition raised their achievement, exceeding not only their previous performance but also improving relative to other schools not subjected to charter competition.[54] However, recent research reanalysing the data in Michigan finds no significant positive effect of charter schools on the attainment of pupils within them or on neighbouring public schools.[55]

The impact of charter schools on equity

63. Critics[56] have claimed that in Minnesota (the first US state to introduce charter schools) many of the charter schools that served disadvantaged children have closed with the remainder serving only the rich. This is not borne out by academic research. Minnesota charter schools currently take twice as many low income students and three times as many ethnic minorities as the Minnesota state-wide average.[57]

64. The most recent federal government evaluation of charter schools more generally found that "charter schools disproportionately attract

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[52] For discussion of this, see for example *"Charter Schools in Action: Renewing Public Education"* – Chester Finn Jr, Bruno Manno and Gregg Vanourek – Princeton University Press (2000)
[53] Hoxby and Rockoff (2004) 'The Impact of Charter Schools on Student Achievement: A Study of Students Who Attend Schools Chartered by the Chicago Charter School Foundation'
[54] Hoxby (2003) 'School Choice and School Competition: Evidence from the United States' –Swedish Economic Review 10
[55] Bettinger (2005) 'The effect of charter schools on charter students and public schools' – Economics of Education Review 24
[56] For example, *"Shaping the Education Bill: Reaching for Consensus"* – Compass (2005)
[57] *"Ripples of innovation: Charter schooling in Minnesota, the Nation's first Charter School state"* – John Schroeder – Progressive Policy Institute (April 2004)
http://www.ppionline.org/documents/MN_Charters_0504.pdf

students and families who are poor and who are from African American backgrounds".[58]

65. The challenges faced by charter schools reflect the fact that they are commonly founded for students who are badly served by traditional schools (e.g. pregnant teens, drop-outs, difficult to teach children) and are often set up in poor neighbourhoods. Indeed, the No Child Left Behind Act gives a greater stimulus to the development of charter schools in these areas.

Open Enrolment

66. The most prevalent type of choice programme in the US is open enrolment, of which there are two basic types:
- intra-district: policies which allow a student to opt out of their pre-assigned neighbourhood school to another school *within* his or her school district; and
- inter-district: policies which allow a student to transfer to a school *outside* his or her home district.

67. The implementation and funding of open enrolment – for example the extent to which funding follows pupils and whether the state pays for transport costs – varies significantly by state. Indeed most public school districts still assign pupils to particular schools on the basis of residence. For example, US Department of Education data shows that in 2003 15 per cent of public school students attended a school the family had chosen, up from 11 per cent in 1993.

The impact of open enrolment – an example from Chicago

68. Evaluation of an open enrolment scheme in Chicago Public Schools (CPS) finds that pupils do exercise a high degree of choice – around half of students opt out of their assigned school to attend a different CPS school.[59] Furthermore, those students who opt out of their neighbourhood school are around eight percentage points more likely to graduate than observationally equivalent students who do not.[60]

[58] US Department of Education (2004)
[59] Chicago Public Schools are often contested for not being a 'pure' choice system because money does not follow students and schools are unable to expand and contract (Hoxby, 2003). Burgess et al (2005) however, argue it is similar to the English system as parents and schools can exercise choice and schools cannot change size rapidly.
[60] Cullen J, Jacob B and Levitt S, (2000), 'The impact of school choice on student outcomes: an analysis of the Chicago public schools', NBER Working Paper 7888, Cambridge, MA: NBER.

69. However the evaluation argues that the improvement is not a result of pupils finding better schools or matched preferences but rather that those who opt out have superior unobservable characteristics such as motivation levels and parental involvement (with the exception of those attending career academies). The authors suggest there may therefore be non-academic reasons for opting out such as moving to a school with lower levels of violence.

Other parental choice schemes

70. A number of local areas in the US have introduced voucher schemes to allow low income families to choose an independent school alternative to public schooling. The voucher schemes that exist in the US are different to those that some commentators[61] have suggested be introduced in the UK as they are targeted on only those on low incomes, do not allow top-up fees from parents and are subject to strict admissions regulation by the State. US independent schools are also generally of a very different character to those in the UK: many are low-fee charging religious institutions (the separation of Church and State in the US mean that religious schools are unable to enter the public school system as they are in the UK); and are less likely to be selective than the UK independent sector.

Impact of vouchers on standards

71. The evidence on the impact of vouchers on performance is mixed and contested, at least on observed attainment measures such as test scores. For example, a randomised field trial of vouchers for low income pupils to attend independent schools in New York found positive effects on test scores relative to their peers in state schools albeit only for African-American pupils.[62] However re-analysis of the data, correcting for attrition problems and re-categorising ethnic groups, shows no

[61] For example, the Adam Smith Institute have suggested that all British parents be given a voucher that they are able to use in private schools that are both able to choose which children they admit (no admissions regulation) and charge top-up fees (e.g. parents would be able to use their voucher to attend elite schools such as Eton if they could afford a co-payment of several thousand pounds) – see for example *"Delivering better education: Market solutions for Educational Improvement"* – Tooley, Dixon and Stanfield – Adam Smith Institute (2003) http://www.adamsmith.org/images/uploads/publications/delivering-better-edu.pdf

[62] Peterson and Howell (2003) 'Latest Results from the New York City Voucher Experiment' Association of Public Policy Management

significant impact of the programme on any pupils' achievement.[63] However a less contested finding from the New York programme was that choice does improve parental satisfaction with their child's school and increases parent-school communication.[64]

72. The experience of the Milwaukee (Wisconsin) parental choice scheme demonstrates the importance of the design of a scheme on its impact on standards, segregation and equity, due to the way the scheme has evolved through time. We can track the impact of the initial voucher scheme and the impact after several important changes were made to its operation after 1998.

The Milwaukee Parental Choice Scheme

The pre-1998 scheme

73. The Milwaukee Parental Choice Program was introduced in 1989. From the 1990/91 school year, children in households where income did not exceed 175% of the Federal poverty line were eligible to apply for vouchers to enable them to attend secular independent schools. Available vouchers were allocated by lottery to applicants.

74. Initially the numbers allowed to participate in the programme were capped at 1% of total enrolment in the Milwaukee public school district. The voucher was also only worth $2,500 (38% of per-pupil funding in the Milwaukee public school district) or the cost of tuition at the independent school, whichever was the lowest.

75. Milwaukee schools did not lose any funding if a child took up a voucher. There were also several legal challenges to the voucher scheme initially, leading to uncertainty over whether the scheme would continue.

[63] Krueger and Zhu (2003) 'Another Look at the New York City School Voucher Experiment"' American Behavior Scientist
[64] Peterson, Wolf, Howell and Campbell (2002) 'School Vouchers and Academic Performance: Results from Three Randomized Field Trials' Journal of Policy Analysis and Management

The impact of the pre-1988 scheme

76. The official evaluation of the scheme[65] compared the performance of voucher students to a randomly selected sample of public school students and to a random sample of applicants to the scheme who were not allocated a voucher. There were no significant differences in performance between voucher students and similar public school students. Comparisons between voucher students and those applicants who failed in the lottery revealed better performance among voucher students.[66]

Post-1998 Scheme

77. A number of changes were made to the scheme, which came into force in 1998:
    - religious schools were allowed to participate in the scheme;
    - the cap on the number of vouchers was lifted to 15% of enrolment in the public school system (and the cap became non-binding – everyone who was eligible and wanted a voucher got one);
    - the value of the voucher was lifted to $5,000; and
    - the Milwaukee Public School system lost 45% of funding for each pupil that took up a voucher.

The impact of the post-1998 scheme

78. Funding for official evaluation of the scheme was removed in 1998 – however Caroline Hoxby at Harvard University has analysed the impact of the post-1998 scheme.[67] The study found significant performance gains in public schools that faced high degrees of competition as a result of the voucher scheme (measured by the proportion of children who

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[65] Summarised in "*Achievement Effects of the Milwaukee Public School Voucher Program*" – Paper presented by John Witte (UW-Madison university) to the American Economics Association Annual Meeting 3-6 January 1997 (1997) http://dpls.dacc.wisc.edu/choice/aea97.html; *"2nd/3rd/4th/5th year reports: Milwaukee Parental Choice Program"* - John Witte et al – Department of Political Science and The Robert Lafelle Institute of Public Affairs, Madison, Wisconsin (1992, 1993, 1994, 1995) http://dpls.dacc.wisc.edu/choice/choice_biblio.html

[66] Similar findings were reported in "*The effectiveness of schools in Milwaukee: a secondary analysis of data from the programs evaluators*" – Greene, Peterson and Du (1996) – Program of Educational Policy and Governance Occasional Paper, Department of Government and Kennedy School of Government, Harvard University. However, the official evaluation rejected these findings due to biases in the 'control' group caused by non-random attrition of the group. See "Reply to Greene, Peterson and Du" – John Witte (1996) http://dpls.dacc.wisc.edu/choice/replytoc.html

[67] See *"School Choice and School Competition: Evidence from the United States"* – Caroline Hoxby – Swedish Economic Review 10 (2003) http://post.economics.harvard.edu/faculty/hoxby/papers/hoxby_2.pdf

were potentially eligible for vouchers and also using a control group of similar children in Wisconsin who the scheme did not apply to).

Discussion

79. We can identify two phases of the Milwaukee scheme – the pre-1998 scheme in which the choice reforms had no impact on standards and the post-1998 scheme which did.

80. It seems the design of the initial scheme did not give the Milwaukee public school system incentives to improve their performance. Few children could take up vouchers due to the cap on numbers, Milwaukee schools did not lose out financially from losing students to independent schools (indeed, this relieved pressure on the school system to some extent given the context of increasing student numbers) and there was uncertainty about whether the scheme would continue due to legal challenges. The 1998 reforms operated to increase the incentives that the public school system had to alter their behaviour and improve their performance to try to keep students who were eligible for vouchers within the public school system.

81. This explanation of why the post-1998 scheme improved performance where the initial scheme failed is borne out by analysis of the behavioural response of the public school system to the voucher scheme. Hoxby (2003)[68] concluded that "Milwaukee did not feel normal competitive pressures over this time [during the pre-1998 operation of the scheme]".

82. This is supported by interviews with Milwaukee public school officials and analysis of their behaviour.[69] Howard Fuller, head of the Milwaukee public school district has said of the scheme that "…to be blunt a thousand poor kids leaving at $2,900 each meant squat…vouchers had nothing to do with what I did or what I was able to do".

83. The change in attitude after reforms to the voucher scheme is clear to see from later interviews with public school officials. For example, in 1995, when legislation was being passed to alter the policy, a member of

[68] Hoxby (2003) 'School Choice and School Competition: Evidence from the United States' –Swedish Economic Review 10

[69] See Hess (2002) *"Revolutions at the margins: the impact of competition on urban school systems"* – Frederik Hess – Brookings Institute Press

the Milwaukee school board is quoted by Hess (2002) as saying that "The nervousness about choice expansion really started [in 1995] when it became pretty clear that expansion was going to be passed…Board candidates…suddenly made noises about all the reforms they were going to do…Choice brought external pressures".[70]

84. As a result, the Milwaukee school board began to alter the organisation of schooling in Milwaukee, for example by:
    - introducing new "Innovative Schools" (similar to charters) who had more autonomy;
    - funding all Milwaukee public schools on a per-pupil basis;
    - increasing high school graduation requirements;
    - toughened public school accountability; and
    - acknowledging parents at public schools had made an active choice to be there and being more willing to listen to them and involve them in school life.

85. Hess[71] concludes that "The most significant effects of competition were the political changes that allowed entrepreneurs in the Milwaukee public school system to emerge…the presence of limited competition had not refocused teachers or principals or changed the manner in which they approached their jobs. It produced some new efforts to raise standards, increase choices and open new schools, but little evidence that these moves affected classrooms…The Milwaukee experience shows that the effects of a choice program on the public school system is dependent upon the degree of competition posed by the program…Further, the changes that can be produced…are dependent on the willingness of union leaders to relax procedural structures, or system leaders to push for change and of entrepreneurial educators to take advantage of any proffered options".

[70] Ibid
[71] Ibid

4. NEW ZEALAND

Summary

- New Zealand is a small, diverse country, which performs very well in international tests – driven by the very high performance of the top 5% of pupils. Before the 1980s, the schools system was highly centralised, with a lot of control for the Department of Education and little choice for parents within the state system.

- The 1989 'Tomorrow's Schools' reforms radically changed the New Zealand school system. They removed control over schools from local education boards and give parents a choice over which school their child attended. However, in 1991, admissions regulations were abolished, leaving few safeguards to prevent schools "cream skimming" through selecting the pupils who are most likely to do well. No measures were put in place to support the less well-off in making choices.

- In the five years following these changes, segregation by ethnicity, and to a lesser extent, socio-economic status, both increased. Research suggests that in the absence of any admissions code, schools had attempted to improve their in exam results by selecting pupils who were most likely to do well rather than improving the quality of the education that they provided. Controls over admissions were re-introduced by the new government in 1999.

Context

86. New Zealand is a small country, with a population of four million and low population density – around 15 people per square kilometre. Income inequality is similar to that found in the UK – a Gini coefficient[72] of 0.34 compared to 0.33 – although this is above the OECD average of 0.31. New Zealand is ethnically diverse with one in five from a non-white minority ethnic group (10% Maori, 4% Pacific Islanders, 8% Asian).

87. New Zealand performs very well in international tests. For example in PISA 2000 New Zealand was the 3rd highest performer in the OECD in reading literacy and the 3rd highest performer in mathematics out of 27

[72] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

participating OECD countries. In comparison, the UK was the 7th highest performer in reading and the 8th in maths.

88. New Zealand's strong performance PISA 2000 was driven by very high performance of higher ability (top 5%) pupils, who were the best performers in the OECD in both reading literacy and mathematics. However the performance of lower ability (bottom 5%) pupils was about average, ranked 12th in reading literacy compared to their peers in other OECD countries. Segregation by ability between schools is relatively low. New Zealand had the 17th (out of 26) highest amount of variation between the average performance of different schools in reading literacy. Further details on the performance of countries in international tests can be found in the appendix.

The school system in New Zealand[73]

89. Prior to 1989 reforms, the New Zealand school system was highly centralised. The Department of Education maintained a high degree of control and parents had no 'choice' over which school their child attended, other than through moving house or opting for a private alternative.

90. The 1989 "Tomorrow's Schools" reforms were part of a wider programme of market reforms that the Labour government introduced throughout the 1980s. There was also pressure to reform education due to concern over skill levels in New Zealand and the comparatively poor educational performance of less well-off groups and the Maori and Pacific Island minorities.

91. There was a consensus that these problems were in part caused by over-centralisation of education – Fiske and Ladd (2000)[74] note that schools had to ask local education boards permission to do virtually anything: from fixing a broken window to what colour the school gate should be painted. The resources a school received were also often unrelated to need – for example schools received an annual scissors entitlement. It was accepted that this was highly inefficient and that the department's influence on the day-to-day operation of schools needed to be curtailed. There was also a perception that the department was

[73] For an overview, see *"When Schools Compete: A Cautionary Tale"* – Fiske and Ladd – Brookings Institute Press (2000)
[74] Fiske and Ladd (2000) "When Schools Compete: A Cautionary Tale" Brookings Institute Press

'captured' by interest groups, and this needed to be altered to put the interests of children back at the heart of education policy.

92. A committee to review education[75] was set up, with the government accepting most of its recommendations:
    - increasing school autonomy and dramatically reducing the size of the education department, concentrating on its role as a facilitator of education rather than a provider;
    - providing education funding as a general grant, giving head teachers autonomy over how they spend it;
    - setting up a system of school inspection to hold schools accountable for their performance;
    - abolishing 'zoning' – allocation of children to schools based on where they live. Interestingly this had cross-party consensus – from the right (from a perspective of increasing freedom and increasing competition between schools driving efficiency) and from the left (who perceived that inequalities in the education system were partly driven by the use of catchment-area allocation of children to schools); and
    - a series of education acts were passed to enforce these reforms in 1989 and 1990.

93. In 1990 the government was defeated in the general election. The incoming government removed some of the regulations on choice that were included in the previous legislation, including:
    - plans for regulations governing the criteria schools used to allocate children to schools in the presence of over-subscription were abandoned – it was initially envisaged that a small catchment area together with an admissions lottery would be used in these cases;
    - the ability of Community Forums to deal with disputes between neighbouring schools was curtailed; and
    - parent Advocacy Councils were abolished.

[75] New Zealand, Taskforce to Review Education Administration. 1988. *Administering for excellence: effective administration in education: report of the Taskforce* to Review Education Administration. (Picot Report). Wellington.

The impact of reforms in New Zealand

Standards

94. It is very difficult to measure the impact of choice policies on educational quality at the secondary level in New Zealand. As secondary school certificate exams are not compulsory and the way they are graded inhibits comparisons over time.[76]

Segregation

95. Whilst there is little evidence available to assess the impact of the reforms on school standards, Fiske and Ladd (2000)[77] and Waslander and Thrup (1995)[78] conclude that the choice reforms led to increased segregation of pupils.

96. Fiske and Ladd (2000) use the 'dissimilarity index' to analyse changes in the extent of segregation in urban secondary schools,[79] and find that there was an increase in segregation of both ethnic minority students and of less well-off students (over and above that which occurred at ward level locally over the same time period) – segregation in schools increased by a greater amount than in the previous catchment areas. They also find that the proportion of minorities in the most deprived schools increased over time, and that minorities were less likely to flee deprived schools than white children. However recent research on international comparisons of social segregation[80] suggests that New Zealand retains relatively low levels of social segregation compared to other countries in the OECD.

97. From their analysis, Fiske and Ladd (2000) identified five key factors they saw as important in driving this increase in segregation:

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[76] The Smithfield Project (see Lauder and Hughes 1999) attempted to do this, arguing that the existence of peer effects on a child's academic performance combined with the increase in segregation experienced in New Zealand means that average performance must have decreased. This indirect evidence cannot be used to form a judgement on the impact of reforms (e.g. the size of peer effects may have decreased over time etc)

[77] Lauder and Hugher (1999) Trading in futures: Why markets in education do not work" –Open University Press

[78] *"Choice, competition and segregation: An empirical analysis of a New Zealand Secondary Education Market 1990-1993"* – Waslander and Thrup – Journal of Education Policy 10 (1995)

[79] Further details on how the dissimilarity index is calculated can be found in the appendix

[80] Micklewright et al (2006) 'Social Segregation in Schools: How does England Compare with Other Countries?' ISER Working Paper 2006-2. Pooled data for PISA 2000 and 2003 used. Further details of results can be found in the appendix.

- clear preferences among all parents for less deprived schools with lower minority enrolments;[81]
- evidence that parents used the socio-economic composition of a school as a proxy for school quality – the researchers conclude that "schools with high initial proportions of minority students were at a competitive disadvantage". This was exacerbated by the publication of 'absolute' league tables which gave the impression that schools with better intakes were of high quality;[82]
- evidence from the Smithfield project[83] – a longitudinal study of the impact of educational reforms on students' choices and outcomes – suggests that across New Zealand as a whole, those from less well-off socio-economic groups were more likely to choose to attend a non-local school. However, at the local level, those who exercised choice were better-off than those who did not. This evidence also suggested that families in higher socio-economic groups were more likely to apply to schools with lower proportions of disadvantaged groups;
- less well-off families had extra constraints on their choices – there was limited transport support in the scheme restricting access to more distant schools; and
- the lack of admissions regulation worked to the disadvantage of less well-off groups – The Smithfield Project[84] found that, even after controlling for ability, the probability that a student will be accepted by a 'high status' school is higher for children from better-off backgrounds.

Responses of schools to parental choice

98. Waslander and Thrup (1995)[85] conclude from interviews with principals and case studies of the impact of choice that there was a limited impact on standards because of perverse incentives arising from the way the choice scheme was designed (though, as mentioned earlier,

[81] Although a surprising finding (given evidence from the UK) was that the preference ordering of parents from different backgrounds was remarkably similar – there were no obvious differences in how parents from different groups chose schools

[82] We know from the UK experience that individual performance in school and socio-economic background are linked, and that many schools performing 'poorly' on absolute measures are performing better for their children than other schools with 'good' results on this measure

[83] Cited in *"Trading in futures: Why markets in education do not work"* – Lauder and Hughes – Open University Press (1999)

[84] Lauder and Hughes (1999)

[85] "Choice, Competition and Segregation: An Empirical Analysis of a New Zealand Secondary Education Market 1990-1993" – Waslander and Thrup - Journal of Education Policy 10 (1995)

there is no hard empirical evidence on the impact on standards). Similar behavioural responses were found by Fiske and Ladd (2000):[86]

- schools could use admissions criteria to "improve" their intake (and some used political influence to reduce their enrolment number and so become able to introduce enrolment criteria to "improve" their intake);
- choices by parents (both ethnic minorities and whites) were largely influenced by the ethnic and socio-economic profile of the school (desire to enrol their children in schools with lower proportions of minorities);
- schools engaged in wasteful 'marketing' expenditure rather than attempts to improve the teaching and learning in their school in response to losing pupils; however
- one positive development was that schools increased consultation with parents to establish what they wanted from a school.

99. A 1996 report by the New Zealand Ministry of Education acknowledged that the removal of admissions regulations in 1991 may have damaged schools serving disadvantaged groups.[87]

The Education Amendment Act 2000

100. A key driver of the segregating impact of the 1989 reforms was the removal of admissions regulations on school over-subscription criteria in 1991.

101. Upon re-election of a Labour government in December 1999, controls over the admissions policies used by schools were reintroduced:

- children were given an absolute right to attend their local school, with enrolment schemes specifying catchment areas ('home zones') in which children had a right to attend the school;
- admissions authorities had to consult with the community in designing their enrolment schemes;
- every child was given the right to be in the 'home zone' of at least one school, to guarantee every child a school place;
- the over-subscription criteria used after places have been allocated to everyone in the 'home zone' who wants a school place were required to be (in the following order):

[86] Fiske and Ladd (2000)
[87] *"Towards making achievement cool: Achievement in multi-cultural high schools"* – Hawk and Hill – Massey University Educational Research and Development Centre (1996)

-applicants for ‘special programmes’ in the school;
-siblings of current students;
-siblings of former students;
-children of employees; and
-random lotteries.

5. THE NETHERLANDS

Summary

- The Netherlands is a heavily urbanised country, which has performed well on international tests. The freedom to found schools and receive public funding has been a key constitutional right for Dutch citizens since 1917. This enables parents to obtain State funding to send their children to faith schools.

- Low barriers to entry have clearly stimulated the participation of voluntary groups in the provision of schooling. 70% of Dutch pupils now attend privately-operated schools.

- As choice and diversity have been features of the system for 90 years, their impact on standards cannot be isolated. The selective nature of the admissions system has led to high levels of segregation by ability. Policy makers are concerned about levels of ethnic segregation but it appears that residential segregation is the key driver of this.

Context

102. The Netherlands is a heavily urbanised country with a population of 16.3 million. Population density, at 393 people per square kilometre, is 60% higher than the population density in the UK. One in ten of the Dutch population are from a minority ethnic group - predominately from Turkey, Morocco, Indonesia and former colonies. Communities are often highly segregated by race. Income inequality is one of the lowest in the OECD with a Gini coefficient[88] of 0.25, compared to 0.33 in the UK.

103. The Netherlands performed well in PISA 2003[89], ranking amongst the top five countries for reading literacy. The selective nature of the school system in the Netherlands means there tends to be a relatively high degree of segregation by ability between schools compared with other countries in the OECD.

[88] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

[89] Data used for international comparisons from PISA 2003. This is because there is no internationally comparable data for the Netherlands in PISA 2000 due to low response rates.

The school system in the Netherlands

The 'right to supply'

104. 'Freedom of education' – the freedom to found schools; to receive public funding; to organise teaching; and to determine the principles on which schools are based – is a key right of Dutch citizens (guaranteed by Article 23 of the 1917 constitution).

105. This means that any individual body has the right to found schools and to provide teaching based on religious, ideological or educational beliefs.[90] As a result, public funding is given to both government-operated and privately-operated schools in the Netherlands.[91] Approximately 70% of children attend privately operated schools in the Netherlands.[92]

106. It is important to note that the 'right to supply' was not designed with the aim of raising standards (as is the case for most modern education reforms that have attempted to remove barriers to school entry). The 1917 decision to fund privately-operated schools equally was made to enable parents to obtain State funding to allow them to send their children to faith schools.

Selection

107. The Dutch education system is highly selective, with children streamed into one of three different types of school at the age of 12 (broadly academic or vocational streams). Children share the same basic education until the age of 15, after which the study pathways begin to diverge. In a selective system such as this, there is no concept of schools responding by attempting to 'cream-skim' – all schools are selective by ability.[93]

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[90] The context of the constitutional right was a long fight by the Catholic and Protestant churches to achieve equal funding for (religious) private schools as was given to (secular) public schools – see Eurydice (2006)

[91] It is, however, important to bear in mind that 'private' schools in the Netherlands are mostly religious and can be thought of as broadly similar to 'voluntary-aided' schools in England and Wales – as a condition of public funding they have to abide by the same conditions as government-operated schools

[92] Eurydice (2006) "The Education System in the Netherlands (2003/2004)"

[93] Although visits by officials to the Netherlands found some evidence that in some areas schools offering all 3 streams under one roof were in existence. There is also some degree of freedom of movement between different streams.

Chains of schools

108. One interesting aspect of the Dutch education system is the development of large 'chains' of schools.[94] These are often quite large - for example there is a Catholic school chain with more than 50 schools. Benefits of this noted by head teachers include:
    - economies of scale in pooling administrative functions of schools and managing risks of one-off expenditures, for example payments associated with firing poor teachers;
    - allowing school boards to hire professional specialist staff to carry out specialised tasks like accountancy, rather than relying on generalist unqualified staff to do specialised tasks;
    - allowing greater diversity in the school system – the pooled resources of chains allow more small schools to remain open;[95] and
    - allowing schools to better manage variation in enrolments.

Outcomes of the education system in the Netherlands

Standards

109. No evaluation of the specific impact of the 'right to supply' on school standards is possible in the Netherlands as the arrangements have been in operation for nearly 90 years. However results from PISA 2003 are suggestive of relatively high standards.

Segregation

110. OECD research as part of the PISA study programme confirms that the Dutch school system has quite high levels of segregation by ability.[96] There are some concerns among policy makers that levels of segregation are too high, resulting in increased tension between Dutch nationals and the ethnic minority community.[97]

111. It is difficult to isolate the impact of choice on this – as noted above, the Dutch education system is highly selective after the age of 12, which

[94] Interviews with headteachers and Government officials
[95] Although another way of looking at this is chains allow unpopular schools to remain open through cross-subsidisation from more popular schools
[96] See www.oecd.org/pisa
[97] Ethnic tensions, particular between Muslims and non-Muslims, have been a worry for some time for policy-makers in the Netherlands.

would be expected to have a significant impact on segregation by ability.[98] Residential segregation also plays a very important role.[99]

112. There are a number of policies to improve integration at national and local level[100]:

- preventing new schools setting up with a high proportion of children with 'educational disadvantages' and forcing new schools to develop a 'citizenship education' plan;
- encouraging local authorities and schools to make voluntary agreements to establish a more balanced distribution of children with special needs across schools and to reduce ethnic segregation. There is little appetite, however, for any statutory admissions regulation;
- local policies aimed at reducing residential segregation (e.g. social housing policies) – segregation in the Dutch school system (and others) is largely caused by the concentration of minorities in the inner cities; and
- tackling 'white flight' from inner city schools through, for example, providing academic streams in inner city schools. Currently many deprived areas only give students the option of attending vocational streams of education associated with lower opportunities of attending higher education.

[98] See papers from ESRC research project, "Measuring Markets: the Impact of the 1988 Education Reform Act – Gorard, Fitz and Taylor – Cardiff University School of Social Sciences http://www.cf.ac.uk/socsi/markets/, summarised in the End of Award Review (2003); Söderström and Uusitalo (2005)

[99] The importance of residential segregation in driving segregation between schools in the England and Wales context is demonstrated by research by Gorard et al (2003)

[100] Source: correspondence with the British Embassy in the Netherlands; discussions with Dutch education policy-makers

6. DENMARK

Summary

- Denmark is a small country, with very low income inequality, which performs below average on international tests. The impact of socio-economic status on results in Denmark is relatively low.

- The Danish system is based on the principle that parents have ultimate authority over how their child is educated, including through home schooling. Independent schools can be readily approved for state funding with the minimum of barriers to overcome. The Danish independent sector is one of the most diverse in the world.

- However, accountability is weak, with no formal intervention in underperforming schools and no performance information published for parents, either league tables or inspection reports. The OECD has highlighted this lack of accountability as a key factor explaining underperformance.

Context

113. Denmark has a population of 5.4 million with 1 million aged 0-14. Population density is moderate at 126 people per square kilometre: half of the population density in the UK. Income inequality in Denmark is one of the lowest in the OECD with a Gini coefficient[101] of 0.23, compared to 0.33 in the UK.

114. Danish children perform below the OECD average in reading literacy and just above the OECD average in mathematics performance. For example in PISA 2000 Denmark was the 16th highest performing OECD country in reading literacy (the UK was the 7th).

115. However the impact of socio-economic status on results in Denmark is relatively low compared to other countries. There is also very little segregation by ability between schools. For example in reading literacy, Denmark comes 19th out of 26 OECD countries in terms of the amount of variation between the average performance of different schools. Further

[101] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

details on the performance of countries in international tests can be found in the appendix.

The Danish education system

116. The Danish education system has developed on the principle that the parent has ultimate authority over how their child is educated and that it is a parental duty to ensure their child receives the best education they can get. In practice this means that parents have the right to teach their children at home or establish their own school with minimum obstruction from the State. Consequently the Danish independent school sector is acknowledged as one of the most diverse in the world, catering to a broad range of parental preferences.[102]

Overview of schooling in Denmark

117. Danish children generally attend combined primary and lower secondary schools from the ages of 7-16. 14% of the school-age population attend independent schools, with the Government funding this with a voucher to the value of 85% of the per-pupil spending in the State sector. Independent schools charge (unlimited) top-up fees to parents to make up the difference – in 2002 these were on average £700/year[103]. Danish policy-makers do not see this as a barrier to less well-off families choosing an independent school[104], although it seems likely that the very worst off will be unable to exercise this choice. There is no admissions regulation to independent schools in Denmark – interviews with independent school operators suggest that some schools are selective by ability or social status.

118. Denmark invests heavily in its education system, but Danish teachers are still relatively poorly qualified, especially in sciences[105] and Danish teachers have the second lowest contact time with pupils in the OECD. School leaving exams are not compulsory and the accountability system is not developed, as explained below.

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[102] *"School Choice in Denmark"* – Harry Anthony Patrinos – World Bank (2001) http://www1.worldbank.org/education/economicsed/finance/demand/case/denmark.pdf
[103] Danish Ministry of Education
[104] Discussions with Danish education officials
[105] See OECD (2000, 2003)

Choice of school

119. Parents are quite free to choose schools in Denmark. Interviews with Danish policy-makers suggest that parents generally choose on the basis of 'diversity' rather than 'standards', that parents do not seem to demand performance information about schools, and that there is little focus on competition between schools by head teachers. However, in urban areas it appears that an important factor influencing parental choice has been to avoid schools with a high percentage of ethnic minorities and low-income students.[106]

120. There are few barriers to new independent schools setting up and to be approved for State funding – provided it sets up a school board, supplies evidence that it has suitable school premises and has the signatures of 40 parents who would be interested in attending the school.

School accountability

121. School accountability is comparatively weak in Denmark.

Government-operated schools

122. For government-operated schools, performance management is undertaken by the local authority, which visits schools and looks at the results of internal assessment tests. However, there are no formal sanctions imposed on under-performing schools, though the municipality is responsible for hiring school principals and teachers. In theory, the municipality can hold schools accountable for their performance through the performance management of head teachers (e.g. removing heads of poorly performing schools), though this only happens in extreme circumstances.

Independent schools

123. The only requirement on independent schools is that they offer an equivalent education to that provided in the State sector. They are expected to appoint their own external inspector (who need not be qualified). There are no sanctions imposed on independent schools that perform poorly.

[106] Discussions with Danish education officials

124. Consequently, parents are expected to monitor the performance of independent schools for their children, and withdraw their children from poorly performing schools.

Performance information for parents

125. Danish policy-makers say that there is little demand among parents for school performance information. In their view, the principal sources of information for parents is through talking to friends and neighbours and visiting the school to talk to their head teacher.

126. No 'league tables' or inspection reports are published.

Performance of the Danish education system and recent reforms

Standards

127. Poor performance in international studies appeared to come as a big surprise to Danish policy-makers and the Danish public, who previously had a lot of faith that their education system was among the best in the world. The OECD commenting on the results of the PISA studies note that:

> "Danish young people perform less well than their peers…underachievement occurs right across the system: there are fewer high-flyers, a lower average performance and a greater proportion of those experiencing serious difficulties than might be expected…in comparison with reference countries (Canada, Finland and the UK) and other Nordic countries (Norway, Sweden) the results are disappointing".[107]

128. The OECD highlight the lack of accountability in Denmark as a key factor explaining poor performance, as this means that the focus of schools is less on improving standards than it is elsewhere.

Segregation and equity

129. Evidence from international studies suggests that segregation by ability in the school system and equity of outcomes are close to that in

[107] *"Special session of the Education Committee: Pilot review of the quality and equity of schooling outcomes in Demark: Examiners report"* – OECD (2004)

the UK (although it should be noted that while the difference between high and low performers is similar, low performers in the UK perform at a far higher absolute standard). Research by Micklwright et al (2006) finds that social segregation (using the dissimilarity index) is lower than in English schools.[108]

130. The OECD note that:

> "If the results had shown that the overall Danish average was lower than expected but that the usual negative relationship between successful outcomes and the disadvantaged backgrounds of students had been weakened, then it could be argued that the gain in equity may well have compensated for some loss of quality. The results, however, tell a different story: measures of both quality and equity are disappointing".[109]

Response of Danish policy-makers

131. In response to concerns about standards, Danish policy-makers have introduced a wide-range of reforms:

- strengthening accountability through inspection;
- making the school leaving exam compulsory for all schools and distributing performance benchmarks to schools;
- within 5-7 years all schools will have to create a website containing detailed information about the school (including performance information); and
- new legislation enabling local authorities to distribute children with Danish as an additional language more equally between its schools.

[108] Micklewright et al (2006) 'Social Segregation in Schools: How does England Compare with Other Countries?' ISER Working Paper 2006-2. See the appendix for further details
[109] OECD (2004) ibid

7. NORWAY

Summary

- Norway is a highly rural country, with below average income inequality. Performance in international tests is mixed. Socio-economic status has comparatively little impact on educational attainment and segregation by ability is low.

- The Norwegian school system is based on the principle of mixed-ability schooling. It is illegal to select or even set by ability. Teacher qualifications are comparatively low. There is a little school choice and the accountability system has traditionally been undeveloped.

- Following their relatively poor OECD PISA results in 2000, the Norwegian Government introduced an extensive programme of reform to try to raise standards. Key elements include greater accountability through testing, publishing performance information and greater choice for parents. However, little attention was given to enabling the less well-off to choose effectively, and the current Government has recently reversed some of the reforms. Other reforms have attempted to improve teacher training and discipline.

Context

132. Norway is a highly rural country with a population of 4.6 million, with 0.9 million aged 0-14. Income inequality is below the OECD average with a Gini coefficient[110] of 0.26, compared to 0.33 in the UK.

133. Performance of Norway in PISA 2000 was mixed. The mean performance of Norwegian children in reading literacy was just above the OECD average (ranked 13th out of 27 countries) whereas the mean performance in mathematics was just below, ranked 16th. In the same tests, the UK was the 7th highest performer in reading literacy and the 8th in maths.

134. However the impact of socio-economic status on results in Norway is low compared to other OECD countries. There is also very little

[110] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.

segregation by ability between schools. For example in reading literacy, Norway comes 17th when we rank countries by the influence that socio-economic status has on performance (the UK is 6th). Further details on the performance of countries in international tests can be found in the appendix.

The Norwegian school system[111]

135. The Norwegian school system is based on the principle of mixed-ability teaching. It is illegal for schools at primary and lower secondary level to select children by ability or to divide children into classes based on ability within the school. Within the confines of this framework, every pupil has a legal right to have teaching adapted to their abilities. The private sector is very small in Norway: about 2% of children are educated privately.

136. In common with other Scandinavian countries, primary and lower secondary schooling is provided in the same school covering the whole of the age range. There are high staying-on rates for post-16 education (95%), with approximately half following vocational subjects and half following academic curricula. Due to the low population density in Norway, in approximately 40% of schools children are taught in mixed-age classes.

137. Teachers tend to be poorly qualified in Norway - for example, only 80% of trainee teachers have level 2 qualifications in Norwegian and maths. There is little specialisation in classroom teaching before upper secondary level – teachers are expected to teach all subjects in the curriculum.

138. The PISA studies note that discipline is poor in Norwegian schools – Norway is assessed to have the second-worst classroom discipline in the entire OECD.

139. The State subsidises private education in a similar way to in Denmark. 75-85% of cost of private education is met by the State with the rest financed by tuition fees paid by parents (which average approximately £100/month). To receive state funding, independent schools must teach the national curriculum and administer national tests.

[111] This section is based on discussions with Norwegian education officials and academics and on statistics obtained from the Ministry of Education and from Eurydice

140. There is little school choice in Norway – children are allocated to their nearest school. Parents can ask for their children to be put into a different school, but schools are under no legal duty to admit children. Parents can choose to go private if they can afford to pay tuition fees.

141. The accountability system in Norway is undeveloped, although reforms are underway to improve the way in which school performance is assessed and to give more information to parents.

Norwegian school reforms

142. The relatively poor performance in the PISA examinations came as a surprise for Norwegian policy-makers. The response has been to put in place an extensive programme of reform, the "Kunskapsløftet" [Promise to Raise Standards]. This has concentrated on three perceived weaknesses of the education system:

- basic skills: reforms to the National Curriculum, enhanced accountability, dissemination of best practice guidance, increasing the school choice that parents have;
- teacher training: improving the training that teachers are given; and
- discipline: tackling the poor discipline that exists in many Norwegian schools.

Basic Skills

National Curriculum focussed on basic skills outcomes

143. The Government has drawn up a new National Curriculum which places more emphasis on basic skills and focuses on outcomes that should be reached at the end of each key stage of education.

144. The new curriculum gives teachers more freedom over how they reach these outcomes, and their performance will be evaluated through a new testing regime.

Enhanced accountability regime

145. A key component of the reforms is a shift towards outcome-based accountability and providing greater information to parents on the academic performance of different schools to enhance pressure to improve.

146. It is planned for children to be tested in reading, writing, English and maths at ages 9, 12 and 16. The results of these tests will be disseminated to local authorities and schools.

147. 'Pupil inspectors' – regular surveys of the opinions of children within each school about their learning environment – will be introduced.

148. Parental information will be enhanced through development of a new on-line school information portal, 'the School Gate' (www.skoleporten.no). Policy-makers expect this will inform parental judgements of school quality and spark increased parental pressure for school improvement. It will include information on school resources, pupil:teacher ratios, school environment, national test results and so on. Some municipalities (e.g. Oslo) already collect and analyse performance information in this way, with 'league tables' of performance being published in the media.

149. A system of 'value-added' data is currently in development in Norway to allow schools to be assessed in such a way as to take account of pupil background and look at performance in a fairer way that is more informative for parents.

Increased choice for parents

150. The previous Government, voted out of office in September 2005, introduced legislation to make it easier for (State-funded) independent schools to enter the school system, with the aim of utilising competition between schools as one lever to drive up standards. The legislation took effect from August 2005.

151. There was no strong sense that officials and others have given much consdieration to issues surrounding equity – the least well-off are likely to be excluded from the option of choosing independent schools which are fee-charging. There are also no admissions regulations on independent schools.

152. Under the reforms two key changes were made to legislation on new school entry to remove key barriers to entry:

- firstly, the veto on new entry enjoyed by local authorities was removed; and

- secondly, the restriction on new schools only being allowed to set-up on a religious or pedagogical basis was removed. The aim was for independent schools in the new system to compete on the basis of quality to drive up standards; whereas in the existing system independent schools allowed parents to choose from a more diverse array of options.

153. The new Government that took office in October 2005 was opposed to these choice reforms[112] and committed to reversing them in their manifesto. They are also committed to reducing State subsidies for independent schools from 85% of the cost of education to 50% of the cost of education. Other reforms regarding curricula, teaching and accountability will however be carried through.

Teachers

154. The government is introducing a number of reforms aimed at increasing the quality of teachers in Norwegian schools:
- new Academic requirements for applicants to teacher training programmes;
- encouraging older applicants by introducing a fast tracking scheme to facilitate transition to a teaching career;
- the possibility of introducing a requirement that all teachers should have a Masters degree;
- introducing a small element of performance-related pay for teachers; and
- making it easier for schools to dismiss poor teachers.

Discipline

155. In the PISA study, Norway was assessed to have the second worst disciplinary climate in its schools in the OECD (only Greece was worse). This has been a cause of concern among policy-makers.

156. The Government views the problem as a lack of respect for teachers due to their low status and as a result is trying to raise the status of teachers.

157. However, there appears to be little debate in Norway as to whether the cause of disciplinary problems lies deeper than this: for example, whether

[112] See http://www.aftenposten.no/english/local/article1178304.ece

the informality in the classroom, mixed-ability teaching in all subjects, lack of sanctions on poorly behaved children and allowing children almost complete freedom to do what they want has any impact in causing poor discipline.

8. FINLAND

Summary

- Finland is a small, ethnically homogenous country with low population density and low income inequality. Finland performs very well on international tests for standards and equity. Finland moved from a selective to a comprehensive school system in the 1970s.

- Finland has been able to deliver good outcomes without high levels of accountability. There are no standardised tests, no performance information is published for parents, school inspections were abolished in 1988 and until recently there was limited school choice.

- Key success factors include the fact that since the 1970s, Finland has insisted on all teachers having Master's degrees. Teaching is a highly respected profession. High investment in Finnish schools has been sustained for many years. Social structures support reading. Early years provision is comprehensive and high-quality. Finland funds remedial classes for low achievers and its schools appear to deliver genuinely personalised learning.

- Since 1998, Finns have been free to choose which school their children are educated in and many parents in urban areas now exercise choice. School inspections were only ended when the government was confident that teacher and school quality were uniformly high, and were replaced by a rigorous system of self-evaluation based on benchmarking against similar schools. The National Curriculum, that all schools must follow, sets out in great detail how schools should teach their pupils.

Context

158. There are about 5.2 million people in Finland. The average population density is 15 inhabitants per square kilometre, around 6% of the population density of the UK. The population is concentrated in the south of the country, particularly in the Helsinki area, which accounts for about a fifth of the entire population. Finnish society is ethnically homogenous. Income inequality is one of the lowest in the OECD. The

Gini coefficient[113] stands at 0.26, a significantly lower level of inequality than in the UK (0.33).

159. On average, Finnish children perform very well compared with children in other countries. Finland was the highest performing OECD country in reading literacy in PISA 2000 and the 4th highest performing in mathematics out of 27 participating OECD countries (the UK was the 7th highest performer in reading and the 8th in maths).

160. Finnish results in international tests are also generally characterised by a high degree of equity. The impact of socio-economic background on results was one of the lowest in the OECD in PISA 2000 and segregation by ability in schools also amongst the lowest in the OECD. However, it is interesting to note that Finland has the largest gender gap in literacy performance in the OECD. Further details on the performance of countries in international tests can be found in the appendix.

The Finnish education system

161. Finland adopted a 'comprehensive' education system in the 1970s, moving from a selective system where children were streamed into different schools at an early age based on ability. Around the same time, they insisted on all teachers having Master's degrees, creating a cadre of expert teachers possibly unparalleled anywhere else in the world.

162. There is little private education (only 2% of schools are independent) and these schools tend to follow the core curriculum. There are no faith schools.

163. High investment in Finnish schools has been sustained over a long period of time. But spending on education is more recently is not significantly different to in the UK: in 2001, spending in primary and lower secondary education was just $400 higher (8% more spending per pupil). This gap is likely to have narrowed following the recent increases in UK education spending.[114]

[113] A measure of income inequality – a value of 1 indicates total inequality (one person has all the income); a value of 0 indicates total equality (every person has the same income). Figures from Förster and d'Ercole (2005) 'Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s' OECD Social, Employment and Migration Working Paper No. 22.
[114] OECD Factbook 2005

Discussion

164. Some commentators have argued that Finnish success is down to the absence of accountability and choice. However, the successful outcomes in Finland are likely to be caused by a more complex interplay of factors than the caricature of Finland as combining low accountability and restricting parental choices to produce high outcomes suggests.

Parental attitudes and the learning culture in Finland

165. The Finnish Department of Education points out that a key factor behind the strong literacy levels is the "social structures that support reading" notably the "high esteem of reading in Finnish culture (homes subscribe to newspapers, parents read to their children at home); literacy as the basis for further learning is widely accepted; and the constructive role of the news media in creating good publicity for the promotion of reading and writing"[115]. Finnish is also a phonetic language, which makes it easy for children to learn.

166. While children don't start school until seven, 90% of six year-olds go to pre-school and 58% of three year-olds are in day care, where parents typically pay just 15% of the fees. Early childhood education is provided in these centres, but is expected to complement what is provided in the home.[116] Finnish officials highlighted the crucial importance of early intervention in securing high quality, equitable schooling.[117]

Parental choice in Finland

167. After reforms in 1998, Finns are now free to choose which school their children are educated in. Local authorities in large cities have assisted the expansion of choice through shrinking school catchment areas so the majority of places (should schools be over-subscribed) are allocated on factors other than proximity to the school. Choice is now exercised by many parents in heavily urbanised areas of Finland – for example in Helsinki in 2002, approximately 50% of children entering secondary

[115] See www.edu.fi
[116] Information supplied by the embassy in Helsinki
[117] Study visit to Finland

schools at ages 12 and 13 requested a school other than the one they were allocated to.[118]

168. However choice is only a reality in the largest cities in Finland. In rural areas, population density is low, providing little prospect of parents exercising choice. As a result, research on the impact of choice is patchy. However, early indications are that middle-class parents are more likely to exercise their choices and that popular schools manage to attract more advantaged pupils.[119] But there is no hard empirical evidence on the impact choice has had on the socio-economic composition of schools or on standards.

169. There are important differences between the choice system that exists in Finland and the one that exists in the UK. West et al[120] note that:

- local authorities have a lot of power over the admissions criteria used by schools, whereas in a third of schools in England the governing body of the school is the admissions authority; and
- there is no central government regulation over the way local authorities fund schools – in England and Wales, 75% of funds must be allocated on an age-weighted per-pupil basis; local authorities in Finland are able to subsidise schools that are unpopular and 'hold them harmless' from the impact of parental choice.[121]

Accountability in Finland

170. The Central Government sets a minimum number of hours for maths and mother tongue teaching, a requirement recently increased (until the literacy hour, there was no such prescription in England). Schools are free to devise their curriculum within those parameters. Moreover, while there may be no formal SAT-like tests, there is rigorous evaluation in subjects like mathematics.

171. Schools don't simply rely on internal validation: they use the sort of benchmarking now being widely applied in English schools. The Finnish National Board of Education provides regular evaluation and

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[118] *"Market-orientated reforms and the welfare state in England and Finland: The case for compulsory education"* – West and Ylönen – Centre for Educational Research, London School of Economics and Political Science (forthcoming)
[119] Ibid
[120] Ibid
[121] Experiences elsewhere (e.g. Milwaukee) suggest that if local authorities do this, the impact of choice on school behaviour and standards will be blunted

comparative data to schools, and provides standard core curricula to schools, although engagement in this is voluntary.

172. The 320-page core curriculum for basic education not only sets out the essentials in each subject, it has fairly clear guidance on what should be done for children with special needs or those without Finnish as their mother tongue. That curriculum – which has legal force – also sets out rigid minimum teaching times in particular subjects and those hours are being increased.

173. School inspection was phased out in 1988, and was replaced by a rigorous system of self-evaluation (which includes benchmarking and citywide evaluations in municipalities like Helsinki). The government apparently judged that the impact of improved teacher quality was coming through and teachers and schools could be trusted to get this right. Where schools under-perform, the city or town has money to intervene.[122]

[122] Observations from DfES study visit to Finland

9. APPENDIX: INTERNATIONAL COMPARATIVE EVIDENCE ON EDUCATIONAL OUTCOMES

There are a number of international studies that aim to provide a consistent comparison of educational performance of young people across countries. The main ones are:

- **The Programme for International Student Assessment (PISA)** is a three-yearly study conducted by the Organisation for Economic Co-operation and Development (OECD)[123]. This tests 15 year olds in reading, mathematical and scientific literacy. The first PISA study took place in 2000 and focused mainly on reading literacy. The main focus of PISA 2003 was mathematical literacy. The study was carried out in 41 countries. Because there is no internationally comparable data for England in 2003 due to low response rates, this paper uses data from the 2000 study.[124] http://www.oecd.org/pisa
- **The Progress of International Reading Literacy Study (PIRLS)** is carried out by the International Association for the Evaluation of Educational Achievement (IEA)[125] and tests reading literacy in ten year olds[126]. Studies are carried out every 5 years (the last one was in 2001). http://www.pirls.org/
- **The Trends in International Mathematics and Science Study (TIMSS)** study is also carried out by the IEA[127] and tests Maths and Science performance in the 4th and 8th years of formal school (in most countries, those tested are aged 10 and 14). Studies are carried out every four years, with the next one due in 2007). http://www.timss.org/

Whilst these studies are our best resource for comparing educational attainment on comparable and consistent basis, a number of caveats need to be made before drawing conclusions from results:

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[123] www.oecd.org/pisa

[124] Following the results of PISA 2003, the DfES commissioned the Southampton Statistical Sciences Research Institute at the University of Southampton to investigate the pattern of response for England in 2003 in order to look more closely into possible biases than was feasible when the decision to exclude the UK results was taken. The report also considers the possible response bias in England in PISA 2000. The report finds that in both 2000 and 2003 the pupils who actually took the PISA tests had higher mean scores than the overall target population. The authors estimate that the bias in mean scores would have shifted England's position in a ranking of countries by about one place. See Micklewright and Schnepf (2006) "Response Bias in England in PISA 2000 and 2003" DfES RR771

[125] http://timss.bc.edu/pirls2001.html

[126] Or during the 4th year of formal schooling, whichever comes later

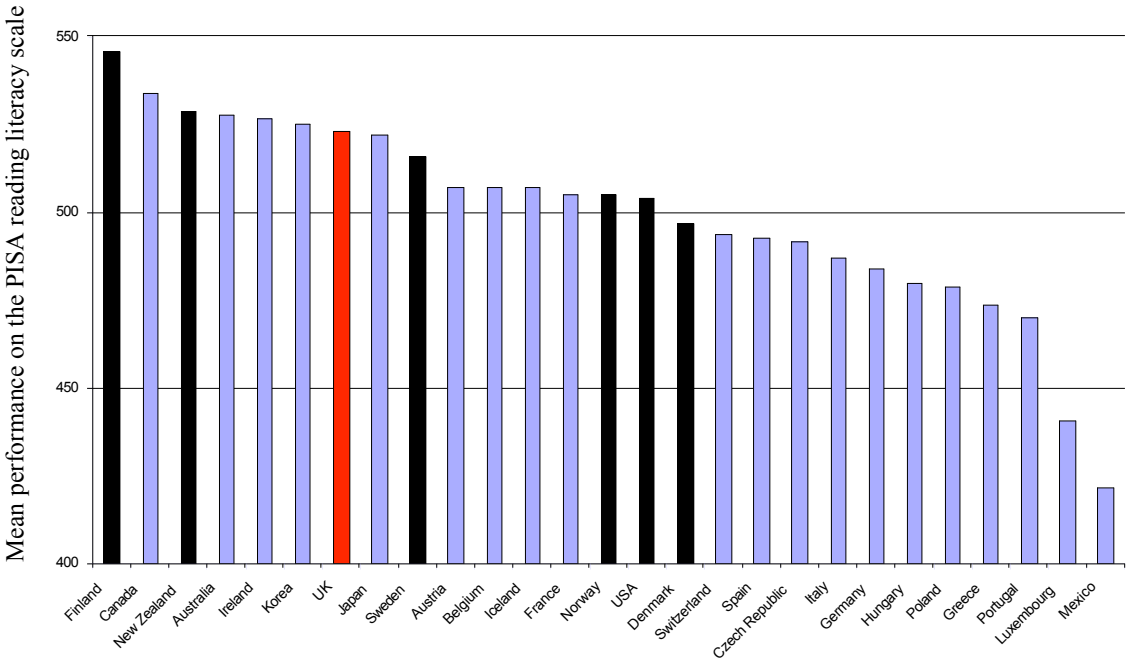
[127] http://timss.bc.edu/timss2003.html

- studies often test specific skills of children of a particular age. Care must be therefore taken in using such results to draw more generalised conclusions about the relative performance of different education systems;
- there are few incentives for schools and children to do well in the tests – they are not held accountable on the basis of results;
- there may be biases due to self-selection of schools and children who take the tests. Although survey design measures should help to deal with these problems;
- tests may favour some countries over others due to the design of curricula; and
- the use of rankings can potentially draw misleading conclusions about the relative difference in performance between countries. Absolute differences in results can be quite small meaning marginal improvements in countries' scores can have a much larger effect on rankings.

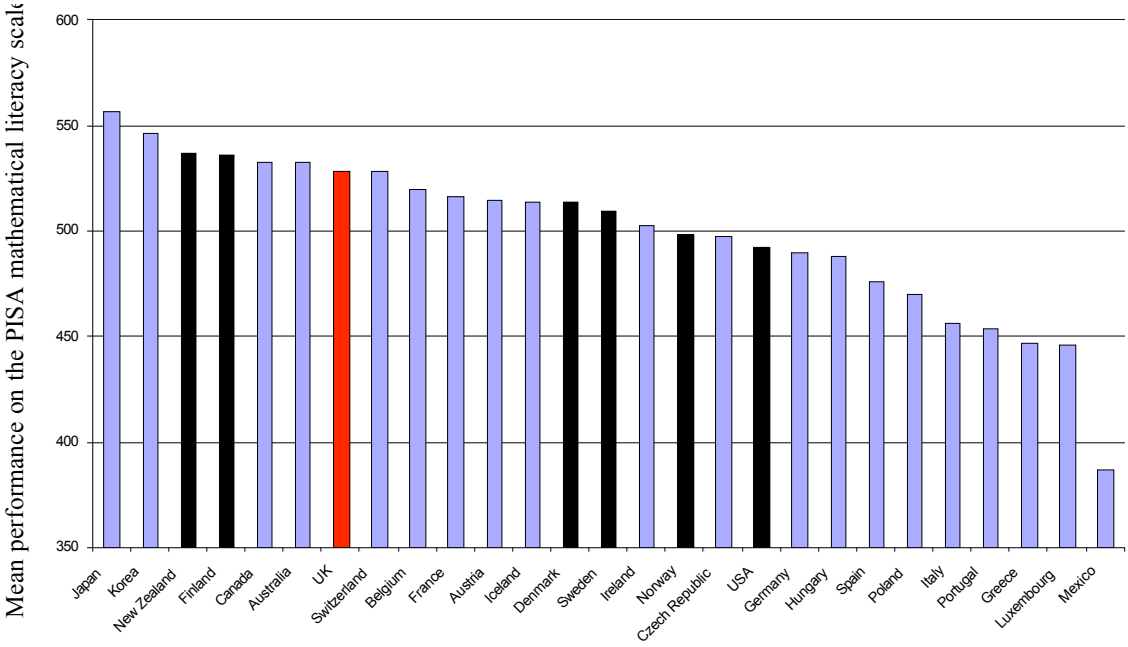
With these caveats in mind, this appendix looks at the relative performance of participating OECD countries that participated in PISA 2000. Countries discussed in the main paper are highlighted in black, with the UK highlighted in red.

PISA 2000

Average reading literacy[128] *in OECD countries*



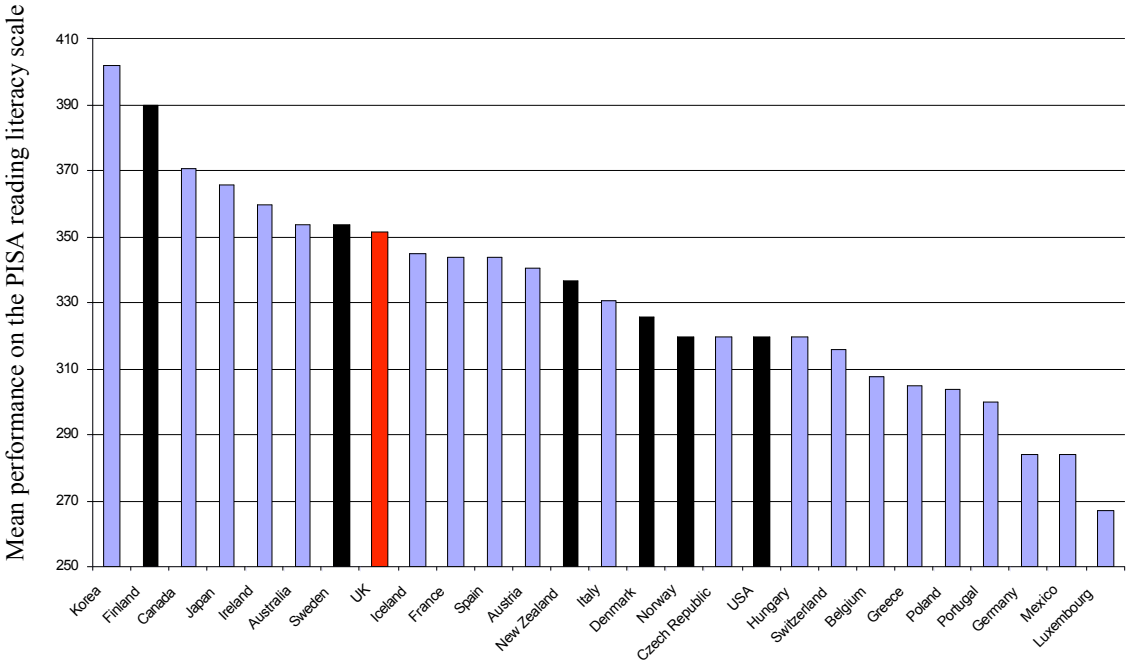
Average mathematics[129] *performance in OECD countries*



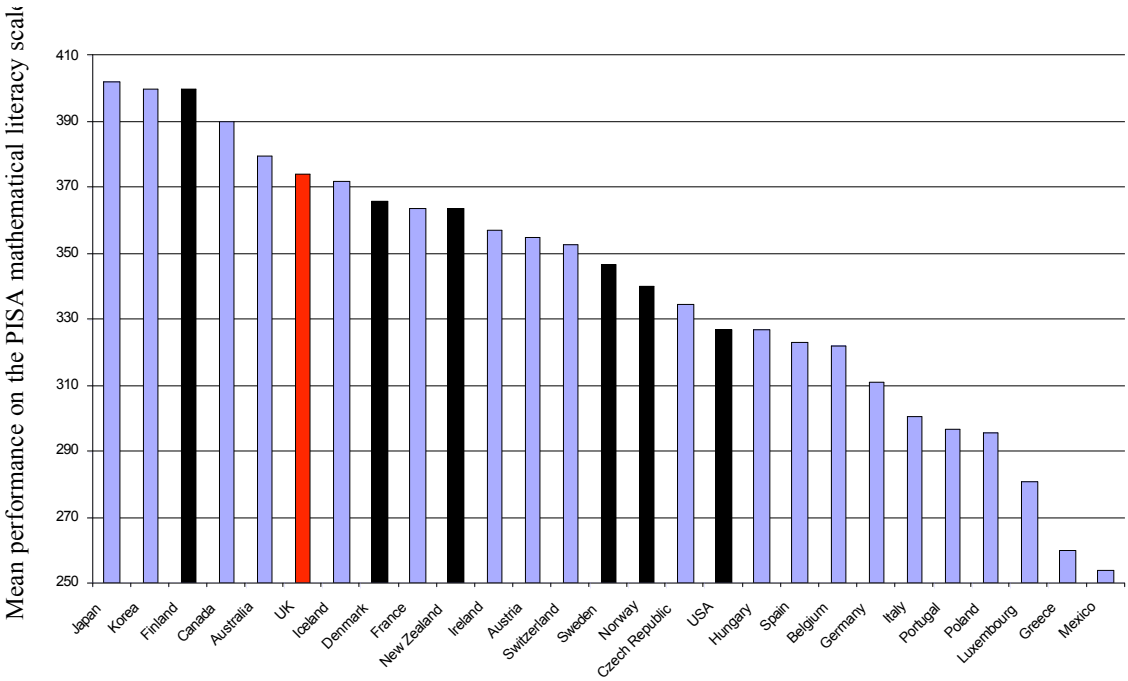
[128] Reading literacy is defined in PISA as the ability to understand, use and reflect on written texts in order to achieve one's goals, to develop one's knowledge and potential, and to participate effectively in society.

[129] Mathematical literacy is defined in PISA as the capacity to identify, understand and engage in mathematics and to make well-founded judgements about the role mathematics plays in an individual's current and future private life, occupational life, social life with peers and relatives, and life as a concerned and reflective citizen.

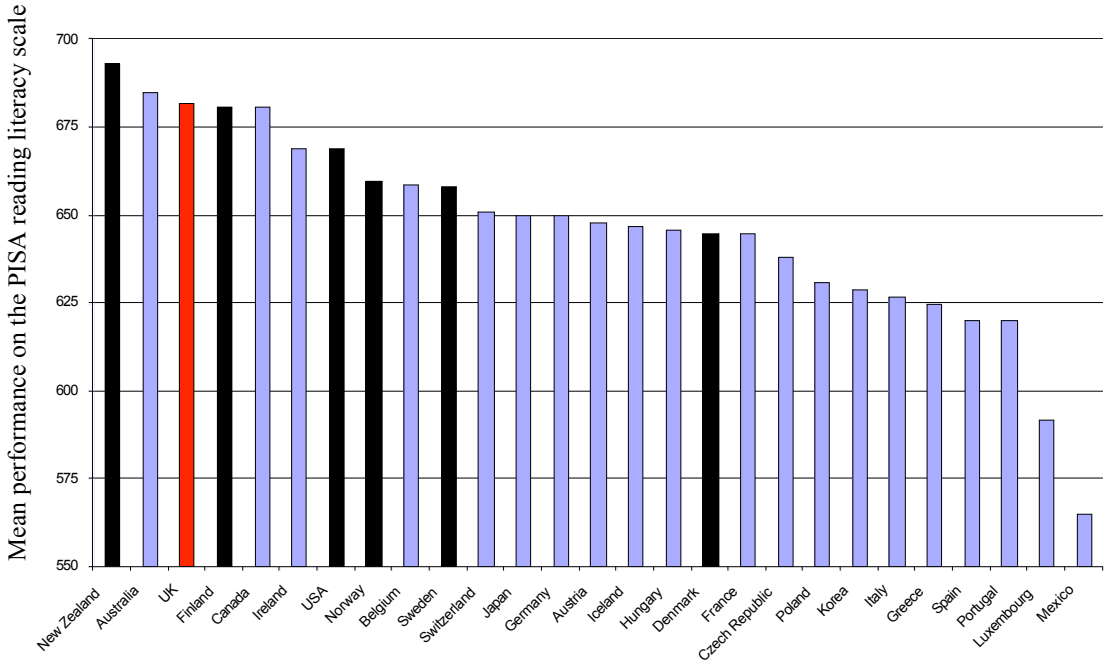
Performance of the least able 5% in reading literacy



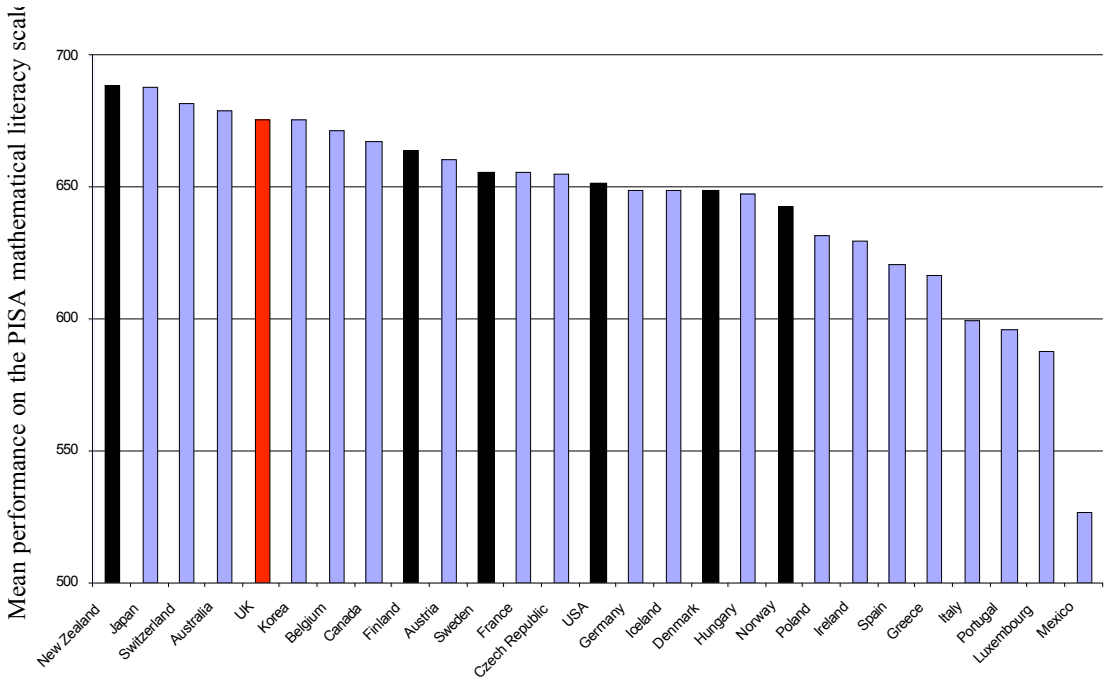
Performance of the least able 5% in mathematics



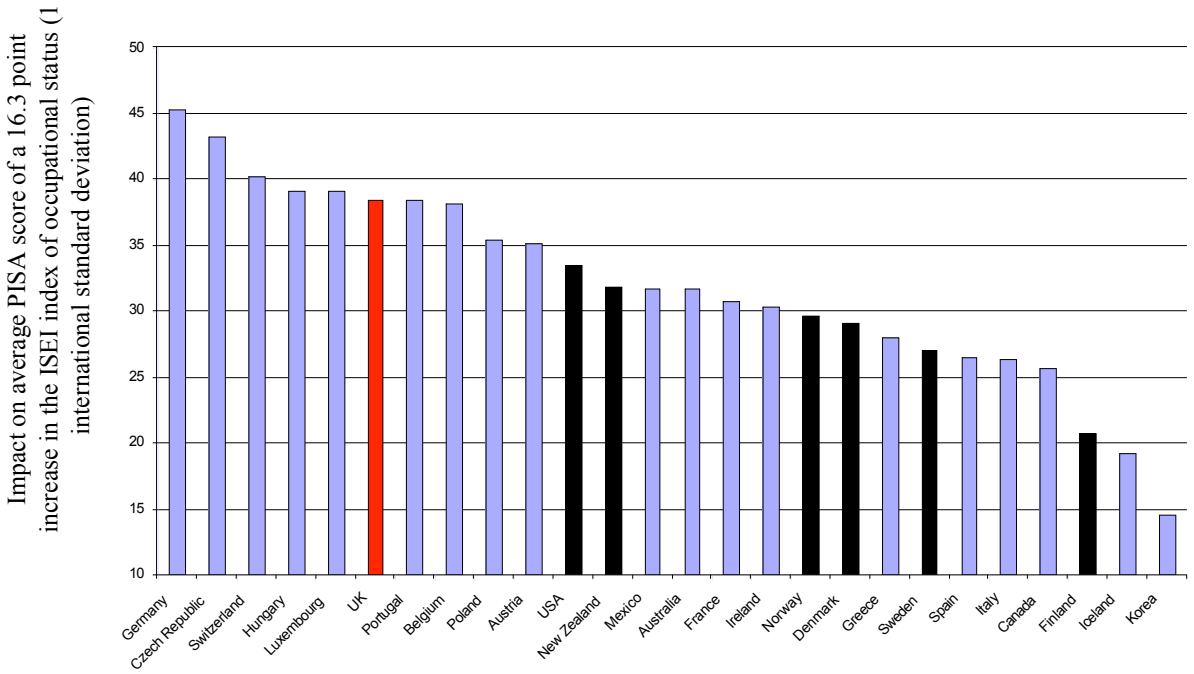
Performance of the most able 5% in reading literacy



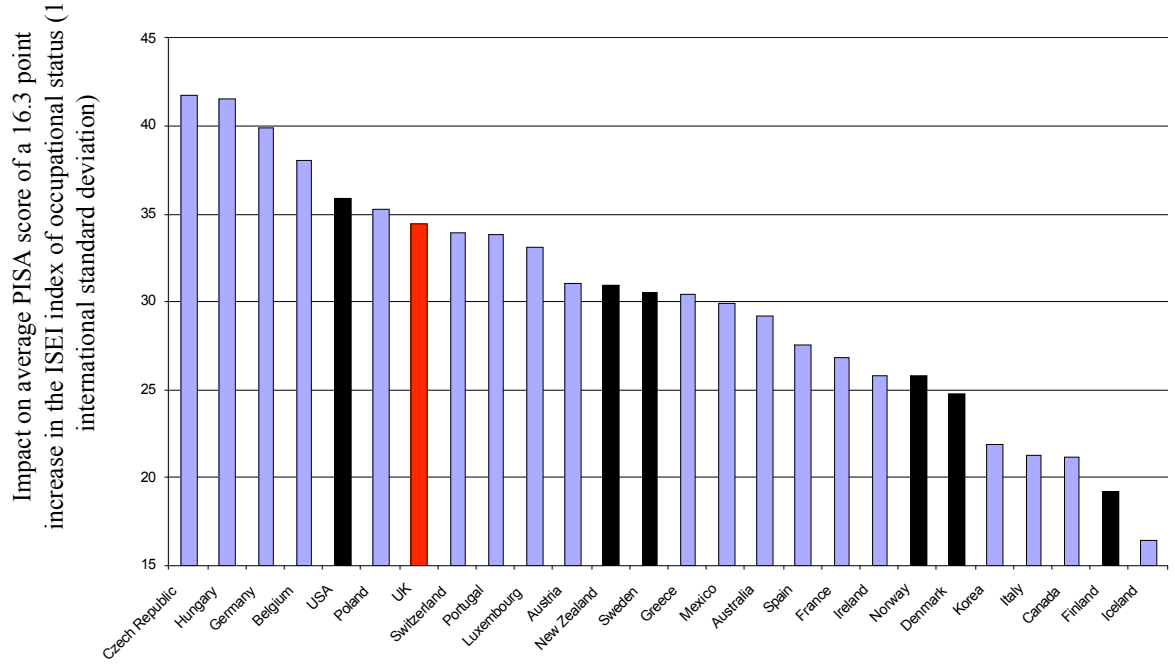
Performance of the most able 5% in mathematics



Impact of socio-economic status on reading literacy performance

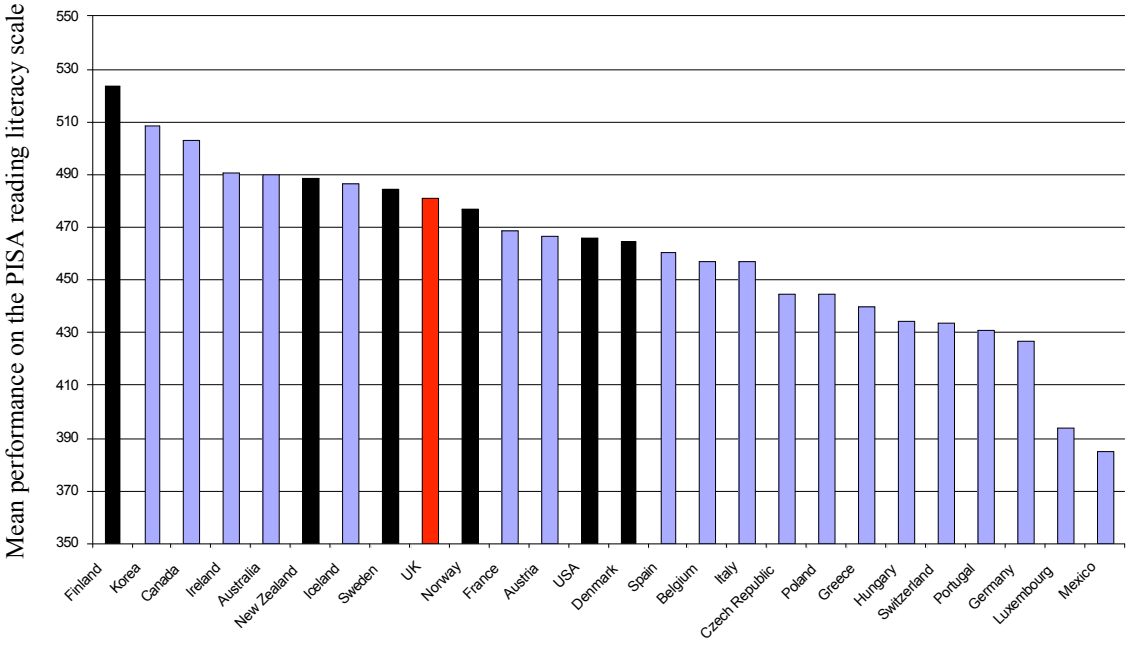


Impact of socio-economic status on mathematics performance[130]

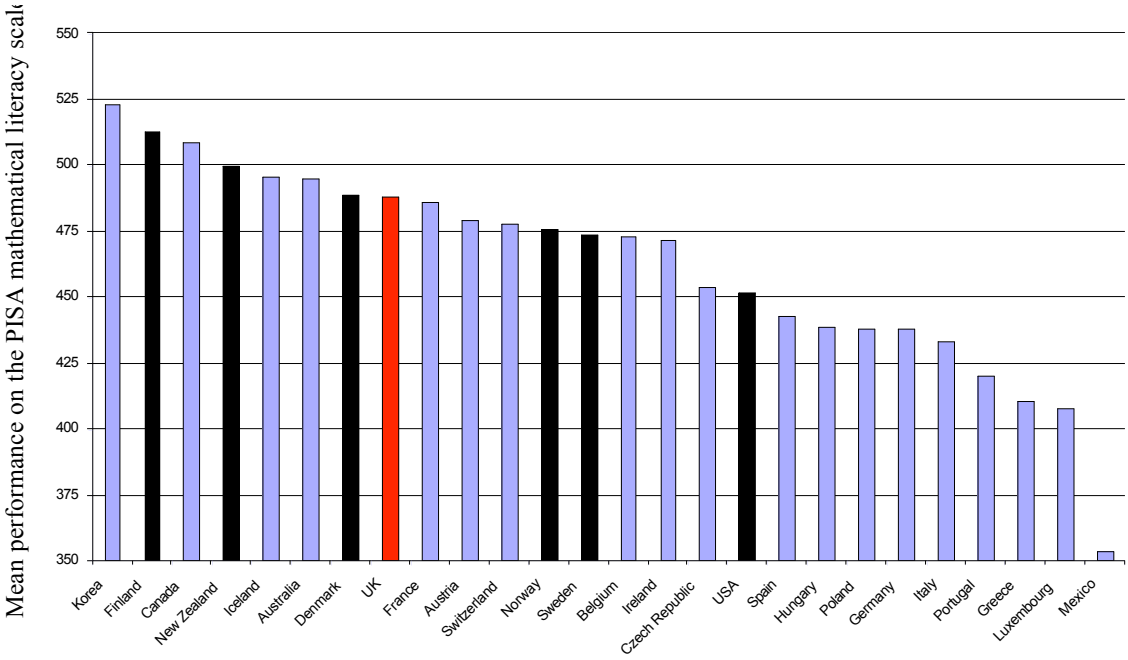


[130] Ibid

Performance of the least well-off in reading literacy[131]

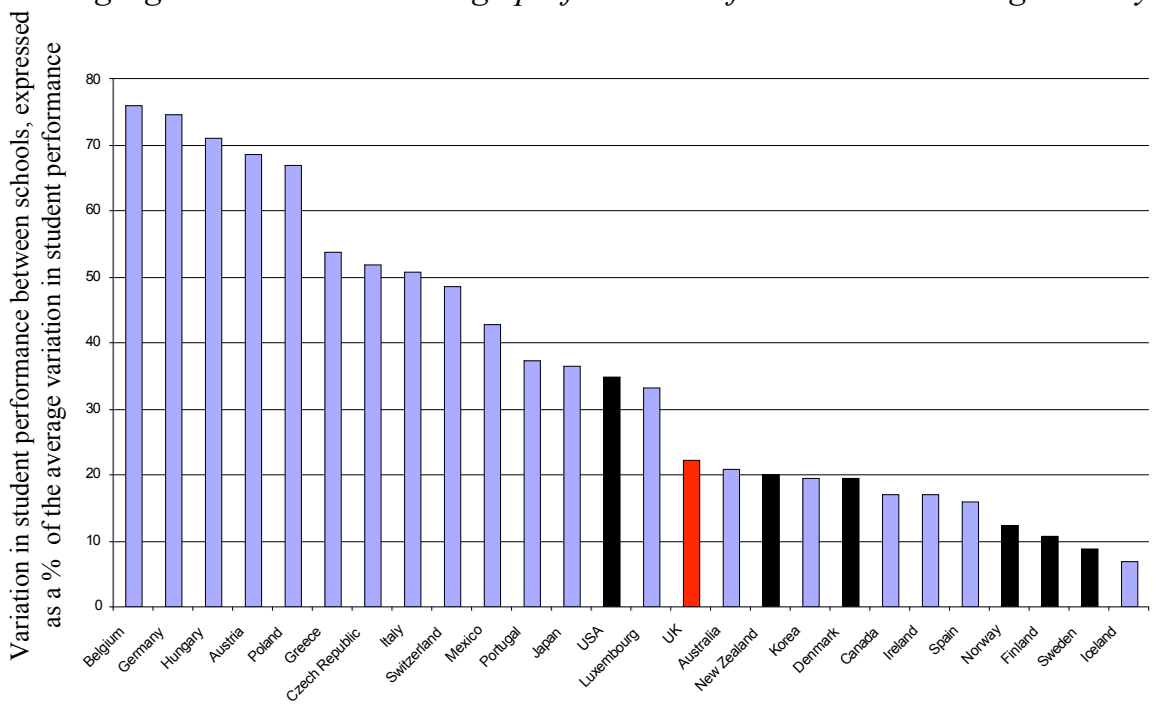


Performance of the least well-off in mathematics[132]

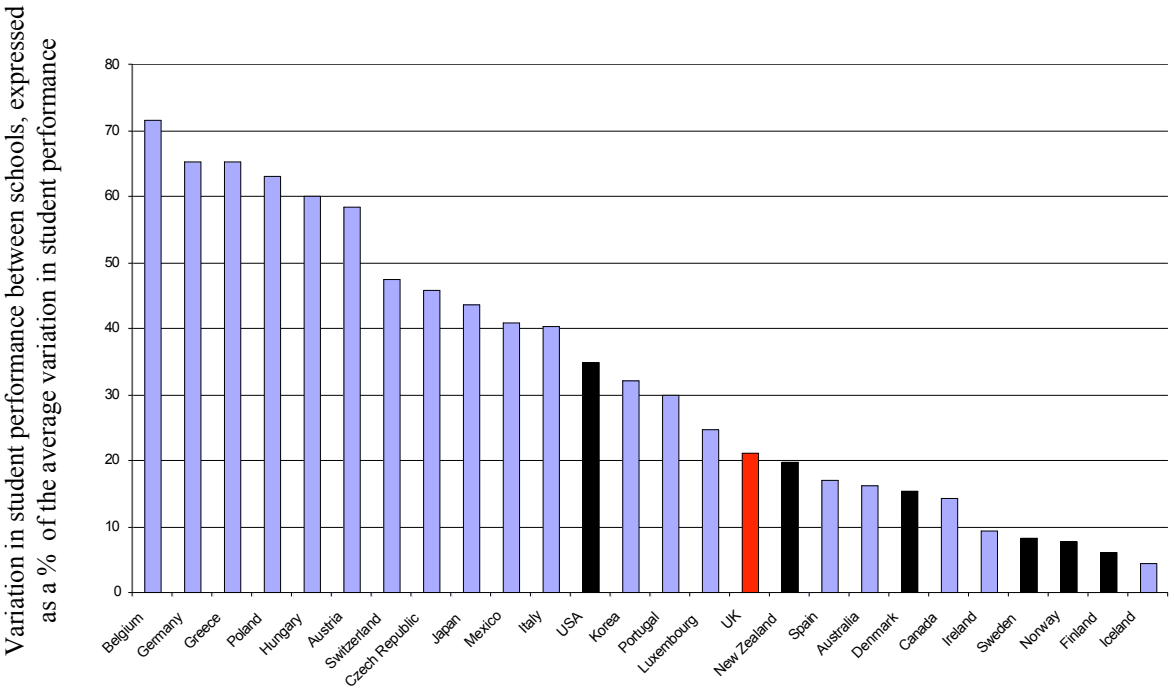


[131] Average performance of those in lower quartile in each country ranked by parental occupational status
[132] Ibid

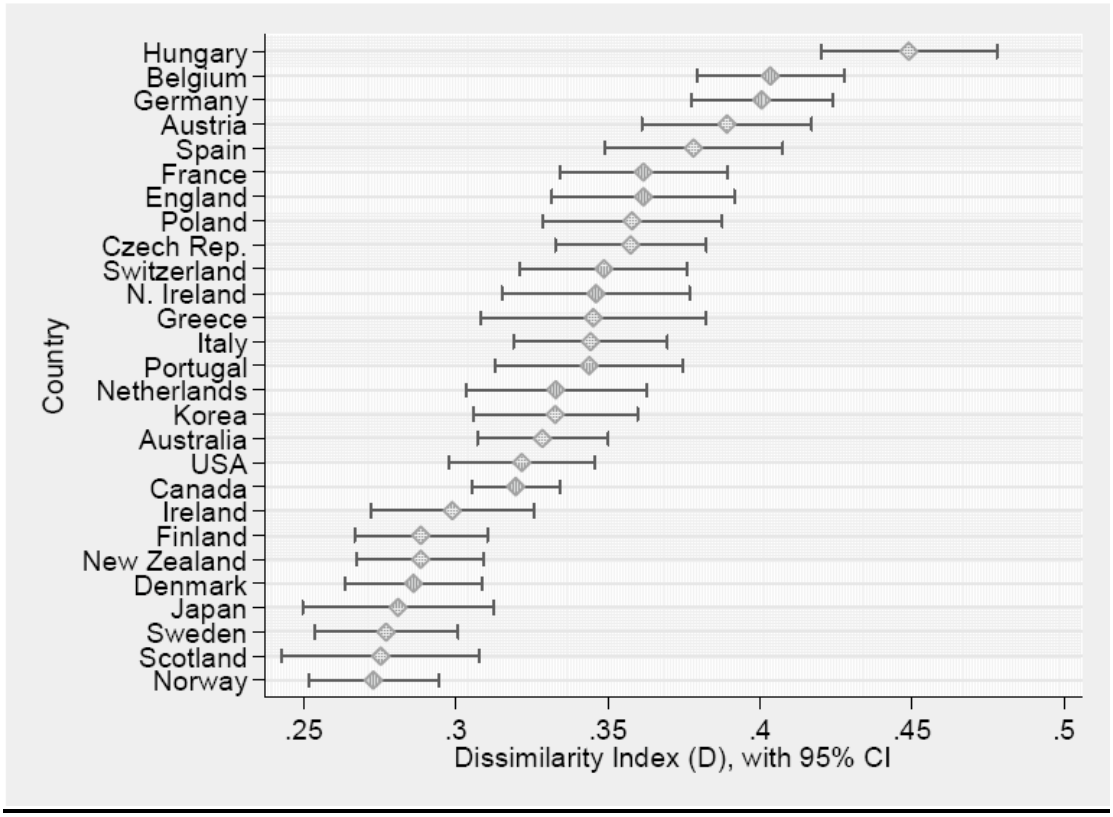
Segregation between average performance of schools in reading literacy



Segregation between average performance of schools in mathematics



Social segregation in schools (dissimilarity index)[133]



[133]Segregation indices aim to measure the extent to which people with different characteristics are distributed evenly across organisational units within a specific geographical area.
The dissimilarity index has been around for around 50 years and is defined as follows:

$$D = 0.5\sum_{i=1}^{n}\left|\frac{A_i}{A} - \frac{B_i}{B}\right|$$

Where:
A = The number of pupils in the minority group (FSM) in the area (Ai refers to the number of FSM pupils in school i)
B= The number of pupils in the majority group (Non-FSM) in the area (Bi refers to the number of Non-FSM pupils in school i)
The index can lie between 0 and 1 where 0 is a completely even distribution and 1 is total segregation.
Data from Micklewright et al (2006) 'Social Segregation in Schools: How does England Compare with Other Countries?' ISER Working Paper 2006-2. Pooled data for PISA 2000 and 2003 used.

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