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IN EDUCATION**

**INSPECTION OF
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LOCAL EDUCATION AUTHORITY**

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CONTENTS	PARAGRAPHS
PART 1	
INTRODUCTION	1-2
COMMENTARY	3-10
 CONTEXT OF THE LEA	
Update	11-13
Performance	14-21
 STRATEGIC MANAGEMENT	
The situation at the time of last inspection	22
Developments since the last inspection	23-31
The contract	32-37
 IMPLEMENTING THE CONTRACT	
Financial aspects	38-41
Review of key targets	42-43
Monitoring	44-45
The Education Development Plan	46-56
 BUDGET STRATEGY	
Overview	57-60
The costs of services	61-65
Recommendation	
 PART 2	
 ACTION ON RECOMMENDATIONS OF LAST REPORT	
 SCHOOL IMPROVEMENT	
The inspection and advisory service	66-70
Performance data and target-setting	71-78
Recommendation	
Consultation and communication	79-84
Literacy and numeracy	85
Literacy	86-91
Numeracy	92-97
Link inspectors	98

Recommendation	
Support for quality of teaching	99-103
Recruitment and retention of teachers	104
Support for schools causing concern	105-108
Surplus places	109-116
Recommendation	
Securing the financial viability of schools	117
Maintenance of buildings and grounds	118-121
Recommendation	
Information and communication technology in curriculum	122-126
Recommendation	
Support for governors	127-131
Recommendation	
Behaviour and attendance	132-140
Recommendation	
SPECIAL EDUCATIONAL NEEDS	
Overview	141-144
Recommendations from the first inspection	145-149
Recommendation	

APPENDIX: RECOMMENDATIONS

INTRODUCTION

1. This inspection was carried out by OFSTED in conjunction with the Audit Commission under Section 38 of the Education Act, 1997. The inspection also took account of the Local Government Act 1999 insofar as it relates to the work undertaken by the LEA on Best Value. The purpose of the inspection was to evaluate the progress made by the LEA in responding to the findings and recommendations of the previous inspection which took place in 1999.

2. The inspection was based on data, some of which was provided by the LEA and its contractor, on school inspection information and audit reports, on documentation and discussions with LEA members and focus groups of headteachers and governors. The focus groups tested the views of governors, headteachers and other staff on key aspects of the LEA's strategy. In addition, discussions were held with the contractors' staff, with staff in Islington's education department and in other council departments and with staff of Excellence in Cities and the Islington Education Action Zones. A questionnaire seeking views on aspects of the LEA's work was circulated to 64 schools. The response rate was 56 per cent.

PART 1

COMMENTARY

3. When Islington Local Education Authority (LEA) was first inspected in 1999, it was in disarray. The report identified failures of vision, strategy, planning and management in many areas. Overall, the LEA had lost the confidence of the schools and of parents. The Secretary of State issued a direction contracting out most of the LEA's statutory functions.

4. For a year, during which the contract arrangements were defined, agreed and implemented, there was little visible progress. Since the letting of the contract in April 2000, communication has been established and effective systems put in place. Even more importantly, a sense of purpose and optimism has been instilled. The task facing the LEA has been a formidable one, but, to a remarkable extent, it has been successfully accomplished. The LEA is now viable.

5. A clear definition of roles has focused the energies of elected members on their strategic responsibilities. They have taken key decisions on surplus places and the budget strategy. Their strong concern for performance and outcomes was reflected in the weighting given to the values and ethos of the contractor in the contracting process. Islington's selection criteria were carefully tailored to ensure that, in line with their own corporate commitments, the contractor would have improving the attainment of pupils as its first priority. This has smoothed the path to partnership, which is working well. Monitoring of the contract is rigorous and penalties have been levied.

6. The key contract targets are undeniably challenging. On performance to date, just over half are likely to be met. In its first ten months, the contractor's strategy has focused on building relationships and trust, listening and responding, consulting and creating sensible arrangements in response to consultation. This has won it the overwhelming confidence of primary headteachers and the confidence of governors. Secondary headteachers, mindful of local history, remain sceptical. Overall, the sights of the schools, as evidenced by their targets, which are nine per cent adrift of those set by the LEA for English at Key Stage 2 and for GCSE, are not set high enough. Where trust has been established, in the primary schools, the contractor is now embarking on challenge. Where it has not, in the secondary sector, the schools now need to put history behind them and engage in real dialogue with the reconstituted LEA and its contractor. Only when this has happened will it be possible to achieve a fully satisfactory target-setting process.

7. This, and the devising of an ICT strategy for schools apart, all the recommendations of the previous report have been implemented to a satisfactory or good standard. Support for literacy and numeracy, support for special educational needs (SEN), the provision of performance data to schools and consultation with schools are all now carried out well.

8. Although the work involved in the outsourcing process has delayed the implementation of Fair Funding and the costs associated with outsourcing (namely the management fee plus the costs of contract management), contribute to high strategic management costs, early signs are that the new arrangements constitute better value for money. In addition, Islington council has now devised and adopted a budget strategy that will progressively move more money into schools, and an investment strategy that will produce and allocate funds to schools for long overdue improvements to buildings.

9. In association with Excellence in Cities, particularly its gifted and talented strand, the council and its contractor is working, with some success, as shown by this year's 8.5 per cent increase in secondary transfer applications, to build up public confidence in the secondary schools, so that more able children transfer from Islington primary schools to Islington secondary schools.

10. The tide has turned in Islington. Strong foundations for further progress have been laid by a capable team of officers. There is a forward momentum which is engendering the confidence needed to raise expectations on all fronts. An act of faith is now needed from the secondary schools, whose engagement is central to further progress. When that is secured, it will be possible to draw a line under the past.

CONTEXT OF THE LEA

Update

11. Islington remains an area characterised by the contrast between substantial wealth and great deprivation. Some wards in the borough are among the most deprived in England. The population of the borough has increased slightly to 178,960 and will at least maintain this level until 2006. From 1999 to 2002, the number of children and young people in the borough will increase by eight per cent. One third of pupils in Islington's schools speak English as an additional language and 45 per cent are entitled to free school meals.

12. The borough currently maintains three nursery schools, nine under-fives education centres, 48 primary schools (one less than at the time of the last inspection), nine secondary schools, four special schools and three pupil referral units. There are four Beacon schools, a specialist language college and a specialist technology college.

13. There are more boys than girls in Islington's secondary schools. In January 2000 there were 4056 boys and 3199 girls. Only 63 per cent of pupils transfer from Islington's primary schools to its secondary schools and the average performance of those pupils who leave the borough at age 11 is significantly higher than that of the pupils who transfer to Islington's secondary schools.

Performance

14. Performance is generally below the national level as is the rate of improvement. This picture has not changed significantly since the last inspection.

15. At Key Stage 1, performance in reading and writing tests is well below both comparable authorities and the national rate. In mathematics, it is broadly in line with both.

16. The picture at Key Stage 2 is much more positive. In the tests of English, mathematics and science, results are better than those of similar LEAs and the rate of improvement is above the national.

17. However, the impact of the drift of able pupils at Key Stage 2-3 transfer is evident in a decline at Key Stage 3, with Islington achieving less well in all three subjects than comparable authorities and nationally.

18. At GCSE, results are lower than those of comparable authorities. There had been a gradual improvement in the percentage achieving five or more grades A*-C until 2000, when results showed a slight decline to 25.6 per cent. Improvements in the proportion of pupils achieving one or more grades A*-G are better than the national average although still lower than similar authorities. Average points scores have improved steadily in line with national trends.

19. Throughout, as nationally, girls consistently outperform boys. Turkish and Caribbean pupils perform lower than the borough average on a number of indices.

20. OFSTED inspections show that the number of Islington primary schools judged to be good or very good is well below both the national rate and comparable authorities. Nine per cent require significant improvement, three times the national average and comparable with similar authorities; 67 per cent of secondary schools need improvement compared to 28 per cent nationally. There has been little change between the most recent and previous inspection cycles; around 45 per cent of schools still need some improvement.

21. The total number of exclusions has reduced dramatically, from 57 in 1998-9 to 18 in 1999-2000 and this downward trend is continuing. A reduction in unauthorised absence from secondary schools has been matched by an increase in authorised absence. Attendance overall remains well below targets.

STRATEGIC MANAGEMENT

The situation at the time of the last inspection

22. The first inspection of Islington LEA identified a failure to define a clear vision and priorities, and an inadequate strategy, flowing from an imprecise view of the LEA's role. There was poor financial decision making and management and no secure tradition of planning in the education department. Surplus places in schools, a critical issue, had not been tackled. The LEA had lost the confidence of both schools and the public, not least because of a tendency on the part of elected members to oscillate between expressions of support for schools and vilification of them. Overall, the LEA had a few strengths but many long-standing and fundamental weaknesses and it was not adequately discharging its duties to support school improvement. Senior officers and members were aware of these deficiencies and willing to contemplate change, and the inspection's indictment gave them the green light to embrace it wholeheartedly.

Developments since the last inspection

23. Given that the report had concluded that the council did not have the capacity to deliver any more than limited, piecemeal and insufficient improvement to education in Islington, it was clear that the required wholesale change would have to come from elsewhere. Following publication of the report and intensive discussion with the Department for Education and Employment (DfEE), it was agreed that a Direction would be issued by the Secretary of State to enable the London borough of Islington (LBI) to contract out statutory services.

24. This initiated an intensive period of activity to create radically new arrangements. Initial work by consultants led to recommendations approved by education committee in June 1999. By the end of August, four outline proposals from contractors had been shortlisted. By the end of November, a preferred service provider had been agreed by the council and in January 2000, the Direction was issued and the council and the contractor signed the full contract and the interim strategic management plan. Throughout this process, Islington's emphasis had been on agreeing a contract that focused on improving performance (with appropriate financial incentives) was no more expensive than previous expenditure on the relevant services, was operationally sound and retained appropriate levels of public accountability.

25. There was a degree of turbulence in the management of the education service during this period. Chief Education Officers and others came and went. Sensibly, Islington negotiated an interim strategic management plan to ensure that the contractor could start work immediately the contract was signed, in January, in advance of it coming into full effect in April 2000. Valuable groundwork was done before April 2000 and a new director of school services and senior management team, who had not been involved in the interim management period, (with one exception), took up post with the contractor's team from April 2000 onwards.

26. The wider political context also shifted fundamentally in January 2000 following a local by-election, when the ruling Labour group lost control of the council to the Liberal Democrats. The new council consists of 52 members, of whom 27 are Liberal Democrats and 25 Labour. The new administration moved swiftly to consult on education, creating a new education and libraries consultative committee and setting up an independent commission to develop a strategy for achieving improvements in educational attainment. The commission consulted widely and made recommendations on five key issues. These are incorporated in the draft Education Development Plan (EDP).

27. There have been a number of additional developments since the last inspection. The North Islington Education Action Zone (EAZ) commenced operations in January 2000. Twenty schools are in the zone, the prime purpose of which is to raise expectations and standards of achievement. These commitments are entirely compatible with those of the contractor and many of the objectives and actions are the same or overlap. In addition, the zone is committed to exploring innovative ways of working that are sustainable. Good liaison has ensured that the work of the zone complements that of the contractor.

28. There are also three mini EAZs associated with Excellence in Cities (EiC). They aim respectively to improve achievement in literacy and numeracy, to raise attainment amongst gifted and talented pupils, and to focus on family learning and achievement in core subjects.

29. Excellence in Cities (EiC) planning started in May 1999. Full approval for the initial plan was given in December 1999 and for the primary plan in August 2000. Four Beacon schools have been designated and two specialist schools created. A City Learning Centre has also been approved.

30. Seven separate strands of appropriate work are well underway. The gifted and talented strand is key if the LEA is to retain more high-flying local children in its schools, and work on this has proceeded apace. Co-ordinators are in post, schools have agreed policies, targets and identified cohorts, summer schools and other additional study support have been provided and a first monitoring report has been written. This notes that progress has clearly been made, although at different rates. Link inspectors have monitored the progress of the work in school. The monitoring report made clear that some, but not all, teachers had the skills to deliver fast track teaching for gifted or talented children. EiC subsequently paid for a day's subject consultancy for teaching gifted and talented pupils in each school.

31. Both this and the other programme strands, particularly learning mentors and the learning support units, are well meshed in with the strategy and operations of the contractor and have the potential to contribute to raising standards. There is however a concern that teachers are being recruited to mentor roles, thus exacerbating the staffing difficulties from which some schools suffer.

The contract

32. In essence, the contract specifies that most of the LEA's statutory functions are to be carried out on behalf of the authority by the contractor. The London Borough of Islington's (LBI) responsibility is to ensure that functions are being effectively carried out through contract monitoring arrangements. Overall, the contractor is required to:

- raise educational standards in Islington;
- contribute to and support the effectiveness and efficiency of schools; and
- exhibit economy, efficiency and effectiveness and seek continuously to improve its performance.

33. The Secretary of State's Direction determines those educational functions that are the responsibility of the contractor and those that are the responsibility of LBI. The key functions which remain with LBI are:

- final approval of the education development plan;
- final approval of the school organisation plan before submission to the school organisation committee;
- final approval of the behaviour support plan;
- final approval of school closures or changes for submission to the school organisation committee;
- appointment of additional governors under section 16 of the 1998 Act; and
- setting of both revenue and capital budgets.

34. Partnership working is built into the contract. Liaison with both the LBI and stakeholders is a contractual obligation. Representatives of the contractor, the DfEE and the borough sit on a partnership board.

35. The monitoring regime consists of monthly contract meetings to review ongoing service and financial performance and twice-termly partnership board meetings to ensure co-ordination, review the contract and consider service developments. Outcomes of these meetings are presented to members in the form of quarterly reports to the education and libraries committee. This robust monitoring regime has resulted in the levying of penalties and the revision of the original key performance indicators in the contract to focus more sharply on key school performance indicators. LBI officers maintain, convincingly, that these arrangements ensure both greater clarity about what is being done and its success or otherwise, via contract monitoring reports and a clearer link between money spent and results achieved.

36. The targets set out in Islington's first Educational Development Plan (EDP) are at the heart of the contract, which stipulates what is to be achieved but not how it is to be done. The targets for raising standards of achievement represent a major challenge and a crystal clear focus for the contractor, given that they have a price tag on them.

37. These arrangements are working well. There is real consensus around both the urgent need to raise standards, the strategy required to do this, and each party's responsibilities within the new arrangements. The clear division of roles and

responsibilities has focused minds and energies. Members have embraced their newly defined strategic role with enthusiasm, and are appropriately focused on performance and outcomes rather than operational or managerial matters. The contractor is tackling the task of reforming and running services with energy and determination, and Islington's officers are supporting and monitoring their efforts. Secure in their own clearly defined roles, all three parties concerned have embarked on partnership in practice.

IMPLEMENTING THE CONTRACT

Financial aspects

38. The annual cost of the contract to the London Borough of Islington is expected to be £11.5m in 2000/1 including independent special school fees, which in future are to be taken out of the contract sum. The cost covers school services provided by the contractor including meeting statutory responsibilities and non-delegated functions. Statutory services managed by the contractor include school improvement, admissions, asset management, special educational needs assessment and placement, pupil referral units (PRUs), home-to-school transport and strategic management. The contractor determines, within the total figure, the size of particular service budgets. The contract requires that any savings on the overall budget will be returned to LBI and spent on schools. The net cost of the contract over seven years, allowing 2.5 per cent retail price index-related annual increases is estimated by the council to be £78.2m, the same amount for which it would have expected to budget for the equivalent services had there been no contract. Any penalties paid by the contractor on the contract will reduce the net cost to the council.

39. There is a maximum annual management fee of £600k plus corporation tax within the contract cost. The actual management fee paid to the contractor is dependent on performance, assessed initially against 411 performance indicators. The contract partners have, jointly and appropriately, agreed that fifty or so of these indicators are critical (see below) and provide a sound basis for future monitoring. Further work is taking place to refine these indicators and their weighting to ensure that the financial risk relating to performance against targets is not fundamentally altered. Failure to meet targets results in the forfeit of part of the entire management fee by the contractor.

40. Traded services have an estimated annual value of £6.6 million against funds delegated to schools. The contractor is contracted to secure a range of services for schools including those for pupils' achievement, learning support, governor services, libraries, personnel and finance until 2002 at which point it may choose to provide those services or not. Schools, of course, can opt now for other providers.

41. The council continues to determine the size of Local Schools Budget and the LEA's contribution to, and therefore the total of, the Standards Fund grant. These, together with aspects of special educational needs, school staffing and early retirement are all part of 'Managed Funds' that have an overall value of £74.5 million. Any underspend on these budgets belongs to Islington council and its schools.

Review of key targets

42. Early in the implementation of the contract, the council and the contractor agreed that the monitoring system should be reviewed to ensure that the monitoring is timely, focuses on critical areas, minimises bureaucracy, maximises decision making to the contractor and secures the council's ability to exercise ultimate responsibility for the education service. A review of the performance indicators carried out by the two parties, supported by consultants and reported to the partnership board, identified 52 key performance indicators (KPIs) which together fulfilled the requirements of the review. Further work was carried out to categorise these KPIs into five 'bands' and to determine the frequency of their monitoring. The KPIs in band 1 are listed below with their associated targets drawn from the council's first, conditionally approved, EDP. Three indicators relating to key stage performance in English in 2001, permanent exclusions and unauthorised absence in secondary schools are subject to contract variation discussions. These variations (in brackets) have been agreed locally by senior officers of Islington and the contractor. They will be submitted for approval to the partnership board in the revised EDP.

KPI	2001	2002
Percentage of pupils reaching Level 4 and above in KS2 English National Curriculum tests	72 (75)	79
Percentage of pupils reaching Level 4 and above in KS2 Maths National Curriculum tests	68	71
Percentage of pupils gaining five or more A*-C grades at GCSE (or equivalent)	35	39
Percentage of pupils gaining one or more A*-G grades at GCSE (or equivalent)	95	95
Average points score per pupil at GCSE (or equivalent)	31.8	33.7
Annual level of permanent exclusions	47 (28)	46 (22)
Unauthorised absences percentage half days missed in primary schools	0.8	0.7
Unauthorised absences percentage half days missed in secondary schools	2.0 (1.8)	1.7 (1.4)
School inspections performance (no schools being found to be in need of special measures)	100%	100%
Schools removed from special measures or serious weaknesses within two years	100%	100%

43. The financial implications of this more focused approach are being modelled to test its capacity to ensure that the principles enshrined in the initial contract - namely that penalties should be an incentive to rectify performance and that strategic targets should carry the most significant penalties – are maintained. The principle that the overall maximum loss of management fee should not be increased by the changes must also be reflected. It is anticipated that this work will be completed in March for a revised system to be in place from April 2001.

Monitoring

44. Meanwhile, monitoring continues to take place on the basis set out in the original contract and recently using the 52 revised KPIs. Typically, the monthly monitoring reports received by officers describe performance against the KPIs, report on any complaints received by the contractor or any satisfaction surveys, provide commentary on reported failures, record key events during the measurement month and draw attention to forthcoming events of significance.

45. The partners to the contract describe this approach to monitoring as effective and supportive of their respective roles and responsibilities. The contract provides the council with the discretion to impose financial penalties within given limits if the contractor does not meet performance targets. Penalties have been levied appropriately as a result of the monitoring including, for example, recently in respect of shortcomings in ICT strategy development, risk and insurance management, and health and safety policy development. No penalties have been incurred in relation to the 'band 1' KPIs listed above. These will be reviewed first after the end of the academic year 2000-01 and penalties, if appropriate, levied retrospectively. All the penalties to date have been agreed between officers of the council and the contractor without use of the contractual arbitration procedures.

The Education Development Plan

46. In essence, Islington council's commitment *vis-à-vis* education is set out in the contract. What they intend to achieve is set out in the form of targets that the contractor is required to fulfil on behalf of LBI. *De facto*, the contract is the prime plan.

47. Nonetheless, the contractor is responsible for composing an EDP, the priorities of which have to be approved by Islington's education committee. Once approval is secured, the contractor is required to undertake the work needed to guarantee delivery of the priorities.

48. The revised EDP is now in its fourth draft and has yet to be agreed. Considerable energy has been expended on the process of consulting on and producing this document. Given that the key targets are already enshrined in the contract and that failure to achieve them entails financial penalties, the contractor's commitment to their fulfilment cannot be in doubt. The process of outsourcing has irrevocably altered the role of the EDP in Islington, giving it the status of a back-up plan rather than a key strategic document. This different status is reflected in the current draft plan, which has no pretensions to vision but is resolutely functional in its approach. Although cross-referenced in a perfunctory manner to the quality protects

management action plan, the childrens' services plan and the early years development and child care plan (EYDP), it is devoid of links to other major corporate strategic plans or vision statements. It simply sets out how the contractor proposes to do what it is contracted to do.

49. The priorities for improvement are:

- 1. to raise standards of achievement and promote secondary education;
- 2. to raise standards of literacy;
- 3. to raise standards of numeracy;
- to support schools causing concern;
- to provide support to improve school leadership, management and self-review;
- to promote a more inclusive education service; and
- to promote the use of Information and Communication Technology (ICT) for high quality learning and school improvement.

50. These reflect the workmanlike audit carried out and are appropriate to local need. Where there is potential overlap between priorities, the plan is sensibly cross-referenced.

51. The plan is clear and explicit on the processes for school target-setting and for support and, where necessary, intervention, for schools causing concern. The targets set are, necessarily, those in the contract.

52. It also sets out its interpretation of the Code of Practice, with an acknowledgement that the current time allocations for learning and inspection service visits exceed those recommended and that this will be reconsidered when self-evaluation has been firmly established in Islington schools.

53. As currently presented, the various aspects of the plan are rather compartmentalised. Many of the actions proposed are appropriate responses to the needs identified, but tracing them back via the priorities to the audit is not always easy. In essence, the plan is coherent, although its presentation does not always make that evident.

54. The weakness of the plan relates to outcomes and success criteria. In too many cases, the latter are weak, lack specificity and are based on processes rather than outcomes. Some actions are not sequenced. There is an over reliance on 'satisfaction' on the part of a range of professionals as a success criterion, as opposed to improved performance on the part of schools or pupils. Although these weaknesses are most apparent where priorities four and five are concerned, there is scope elsewhere for sharpening the success criteria. The existence of the KPIs diminishes the importance of these weaknesses.

55. Of particular concern, nonetheless, is the lack of outcome criteria in relation to improving school leadership, management and self-review, a key area. The criteria, for instance, for numbers of headteachers attending conferences or of schools 'committed to using the model' (for self-review) lack rigour and do not indicate whether public money has or has not been well spent and improvement secured.

56. Arrangements for monthly monitoring of implementation on each priority are clear. In addition, Islington council will review termly, in the context of the contract, monitoring arrangements. The proposed arrangements for evaluation are underdeveloped and, when coupled with the weaknesses in success criteria identified above, represent an insufficiently robust means to measure the impact of this work.

BUDGET STRATEGY

Overview

57. Islington Council is beginning to implement its budget strategy effectively through changes both to education service budgets it has retained and to budgets contracted to the management of the contractor. This strategy aims to ensure that:

- full increases in education Standard Spending Assessment (SSA) are passed to the education budget;
- expenditure on schools is increased;
- delegation to schools is increased;
- the cost of central administration is reduced; and
- resources are aligned to need and the principles of Best Value applied to services.

58. Islington has maintained education budgets at or slightly above education SSA over the last five years. Currently, it is 1.6 per cent above education SSA. Islington's SSA per pupil in 2000/2001 was the fifth highest of all inner London LEAs, and high compared with the England average. The increase in education SSA of £2.675 million for 2001/2002 was the lowest education SSA increase in the country. This increase was supplemented by special grant of £1.4m, which was part of the Government's £52m distributed to enable authorities to meet pressures such as teachers' pay and Standards Fund contributions. Both sums will be passed in full to the education budget in 2001/2002.

59. The Local Schools Budget (LSB) per pupil this year at £3716 is the fourth lowest of inner London LEAs. Primary schools in 2000/2001 are funded £183 per pupil less than inner London average while secondary schools are just £15 below. Schools will receive an extra £5.0 million including Standards Fund grant in 2001/2002. This increase will be funded partly through budget reductions from Islington council central education budgets, some of which are more than 50 per cent above SSA.

60. The amount delegated to schools per pupil at 82.2 per cent, is the lowest of inner London LEAs and £205 less per pupil than the SSA funding per pupil. The LEA plans to increase the percentage of the LSB delegated from 82.2 per cent in 2000/2001 to 89.9 per cent in 2001/2002. New delegation will include that of free school meals (primary and special), high incidence statements of special educational needs, governor training, financial advice and support and Standards Fund. Non-delegation of some Islington services is a key factor where the cost of functions appears to be higher than for similar authorities.

The costs of services

61. Despite the relatively low LSB per pupil in 2000/2001, there are a small number of functions that have high costs. These have undergone close scrutiny and resolute action has either been taken or is planned to reduce them.

62. The costs of central administration in 2000/2001 are too high, and at £73 per pupil they are the highest in inner London. These costs include both the contractor's management fee and the £100,000 costs of the LEA's strategic commissioning function. Plans to reduce central administration costs to below the government target of £70 per pupil were being considered at the time of the inspection. The identification of more realistic overhead costs for 2000/2001 represents a significant improvement from the position in 1999/2000 when such costs were under-represented in education budgets. These costs include overheads for items such as accommodation that in many cases are not fully delegated. This may not meet the requirement of the existing Fair Funding regulations and the LEA is seeking clarification of how these apply in its particular circumstances.

63. The total cost of the access function, apparently high at £112 per pupil compared to the London average of £74, is attributable in the main to its centrally held school meals budget for primary and special schools. At £59 per pupil, this is £49 higher than the inner London average. The cost of education welfare of £34 per pupil is relatively high at £7 higher than the inner London average.

64. The central retention of funding for the draft EDP at £75 per pupil is double the inner London average. This was justified in 2000/2001, but central EDP funding will need to reduce if schools are to be given more choice over the type of support they wish to purchase. There is clearly a tension between the contractor's need to maintain maximum flexibility to meet its targets through centrally retained funding, the need to fund challenge and intervention, and that to increase the purchasing power of schools. The contractor is aware of this issue but currently does not have a plan for its resolution.

65. All the signs are that in its first year the contractor is providing better value for money in its services to schools than under previous council arrangements although the process of internal review being undertaken (not a full Best Value review) is far from complete. The cost of most services within the contract increased in line with inflation although in some cases provision has been re-organised and enhanced, and a few have slightly reduced costs. This action is a necessary part of the requirement on the contractor to apply Best Value principles to all services under its management. Where funding is delegated, schools are free to purchase services from other contractors. If a service cannot be provided at an acceptable quality and cost, the contractor's policy is to act as a broker and to recommend alternative providers. It also provides a limited client support role to support schools to get value for money from alternative providers.

Recommendation

In order to support schools in making reliable judgements about the value for money of all services purchased through the council and its contractor:

- funding incorporating the full cost of overheads should be delegated to schools for all such services.

PART 2

ACTION ON RECOMMENDATIONS OF THE LAST REPORT

SCHOOL IMPROVEMENT

The inspection and advisory service

66. At the time of the last inspection the work of the inspection and advisory service was poorly planned and managed, the balance of expertise in the service was not aligned to the tasks undertaken, and support was not targeted to need. The situation required root and branch surgery and this has now been performed. Some staff have moved on, new recruits have been brought in from outside the borough, and a fundamental reorganisation of the structure and management of the service has unlocked the professional potential of staff formerly constrained by the culture in which they had to work. The preceding year from March 1999 to April 2000 saw considerable turbulence in the arrangements for inspection and advice, with changes of focus, restructuring and staff turnover. Within two weeks of starting work, in April 2000, the contractor had restructured the service, incorporating the ethnic minority achievement service (EMAS) and the literacy and numeracy teams.

67. Recruitment of new staff has been carefully targeted to ensure the required spread of knowledge and capability in the team. Individuals with specific expertise in KS1 and 2 assessment and in target setting have been appointed. Headteachers have been involved in the recruitment process and acknowledge both its rigour and the contractor's concomitant determination not to compromise on the quality of appointments made. One consequence of this has, however, been that the contractor has not managed to appoint a chief inspector. Currently two members of the team act respectively as senior inspector primary and senior inspector secondary and the director of school services acts as chief inspector. This arrangement is working well in the primary sector. In the secondary sector the senior inspector brief only began in September and a key full time secondary inspector was appointed in January. Valuable time was lost during the interim period, and it is early days for these new arrangements. Secondary headteachers, mired in the cynicism engendered by the history of their dysfunctional relationship with LBI, remain unconvinced that the contractor has the expertise or the authority to challenge them, particularly in the absence of a chief inspector. One consequence of this is the impasse around the target-setting process.

68. Through analysis of performance data and OFSTED reports the contractor now has a good grasp of the needs of the schools. This provides a sound basis for targeting the work of the team in line with Code of Practice principles. Data analysis determines schools at risk or requiring priority support and OFSTED findings determine the link inspector's visit programme and allocation of days. There is clear, sound guidance on the role of the link inspector. A standard school visit form is used to record the nature and outcome of visits and ensure that there are consistent records. A regular cycle of business meetings in phase, cross phase and cross service groupings ensures that knowledge of schools is pooled and updated, good

practice disseminated and progress reviewed collectively. These meetings also incorporate training/updating and in addition staff all have a training entitlement.

69. Performance management of the work is now soundly established, according to a system devised by the contractor together with its staff. Individual targets are set, cross-referenced to those in the contract and the EDP. Currently, inspectors have annual and mid year performance monitoring meetings and the senior inspectors monitor colleagues record of visit sheets on a half-termly basis. The first round of evaluation and review of the work of inspectors was completed in October.

70. This wholesale change has already resulted in a service that is working effectively in primary schools. Headteachers value and appreciate the work that is now being done, and the solid foundations that have been laid should provide a basis for enabling schools to raise achievement further in the future. Arrangements in the secondary sector are too recent and too fragile for the outcomes to be predicted.

Performance data and target-setting

71. At the time of the previous inspection, the collection and analysis of data was at an early stage and support for its use was insufficient and ineffective in half the schools visited. The LEA lacked the authority and expertise in the advisory team to challenge schools to set realistic but ambitious targets: thus its EDP targets were questionable.

72. Comprehensive guidance on supporting schools in target-setting has been provided for inspectors. A very clear framework for inspectors, headteachers and governors has been set out by the contractor in terms of the requirements of the autumn term annual progress meeting.

73. Progress on the development of performance data to support schools in setting targets is very good. Since September 2000, each headteacher and chair of governors has been provided with a School Management Information File (SMIF). The SMIF, modeled on best practice from other LEAs, is a collation of a wide range of data in a readily understood format. Training on its use has been provided by the contractor in a timely manner for headteachers and governors. The document and the training have been well received by the large majority of headteachers and chairs of governors and, although the SMIF is already a high quality instrument, planned further development should lead to continuous improvement.

74. In primary schools, the one-day allocation of link adviser time in the autumn term 2000 has been used in inverse proportion to the needs of the schools. In most schools, where the skills of analysing such data were under-developed, the link adviser has spent an appropriate proportion of time in supporting such analysis. Following this, in all primary schools a rigorous discussion has taken place regarding the statutory pupil attainment targets. The level of detail of the discussion and analysis was impressive. Although processes varied slightly, governors subsequently set all statutory targets.

75. In secondary schools, the initiative has remained with the schools. Two secondary school headteachers reported that their own pupil specific data and target-setting processes were more comprehensive than those of the contractor and although the collation of data in the SMIF was helpful, its content added little value. The target-setting discussion in secondary schools has been less rigorous and challenging on the link adviser's part and, in the first instance, school proposed targets were largely accepted.

76. The contractor has subsequently found itself in considerable difficulty in relation to the two key targets of the percentage of pupils achieving level 4 and above in English at Key Stage 2 and the percentage of pupils attaining five or more GCSE grades A* - C in 2002. In the primary phase, the aggregated schools' targets are nine percentage points short of the 79 per cent target. In the secondary phase, the aggregated indicative schools' targets are five percentage points short of the 39 per cent target.

77. In the primary phase, each school has been 'levied' an arbitrary, 'aspirational' ten percentage points increase in their targets by the contractor up to a maximum 90 per cent. This has been discussed with each school and at a meeting with primary headteachers and chairs of governors, but less than half accept the 'aspirational' target. At the time of the inspection, a differentiated 'levy' had been added to secondary school GCSE targets, in one school by additional twelve percentage points, but this had not yet been discussed with the schools. Most targets in the draft EDP therefore carry a label of disagreement. This outcome is unsatisfactory and has tarnished the target-setting process.

78. The contractor remains optimistic that the 'aspirational' targets in the primary phase can be met, although they have little evidence to support this optimism except for a belief in positive outcomes from their efforts to improve the quality of teaching and the strengths of the National Literacy Strategy.

Recommendation

In order to improve further the rigour of the target-setting process:

- as a matter of urgency, the LEA should gain approval from the DfEE for its revised Education Development Plan;
- the target-setting discussions with schools in autumn 2001 should take place:
 - in a timely manner;
 - in a challenging manner, in cognisance of the overall target; and
 - in a constructive manner, by all parties, recognising the need for continuous improvement in pupil performance.
-

Consultation and communication

79. At the time of the last inspection, relationships with schools were very poor, consultation was not systematised and schools had no involvement in evaluation of the LEA's services.

80. Arrangements for consultation have since been clarified and systematised. Firstly, the views of headteachers and governors were sought on the three bids for the contract. Subsequently the views of schools were built into the performance monitoring framework of the education service via a requirement in the contract to carry out surveys of headteachers, governors and parents, with financial penalties attached to poor ratings. During the contractor's interim management period from January to March 2000, prior to contract commencement, interim project staff visited schools to initiate communication and find out what concerns schools had. When the contract commenced, the new directorate management team used the material gathered from schools to inform its priorities.

81. The first formal consultation through a survey took place in summer 2000. The comments were analysed, responded to and used as a basis for changes and innovations. An example is the issuing of improved guidance on exclusions. A protocol ensuring speedy access to an assistant director as point of reference for each school was agreed, and a consultation paper on developing more effective partnerships with headteachers was circulated. This paper and the responses to it formed the basis for new arrangements for consultation that have now been set up, based on agreed principles, incorporating quality standards and review arrangements and operating through groups of headteachers.

82. Following consultation on the budget strategy, certain proposals, such as the one to delegate maternity cover, were dropped in response to feedback. Arrangements for consultation and communication with governors have been improved in response to comments received. All these consultation exercises have resulted in the production of reports analysing the responses received, proposing future action and making it clear why particular courses of action have not been pursued.

83. In order to improve the traded services offered, the contractor set up an exhibition and circulated a questionnaire. A selling services working group was set up and changes were made. Consultation on revisions to the service agreements for traded services has produced improved agreements.

84. Both primary and secondary schools agree that communication has improved, that the contractor listens, that letters and phone calls receive speedy responses and that decisions are made and rapidly implemented. Views on consultation diverge; primary schools have some reservations about the volume but generally believe 'better too much than too little'. They see consultation clearly as part of a continuing process of development in which they are actively engaged with the contractor. Some secondary schools, on the other hand, while admitting that they are represented on the new groups and have fed in to the process of shaping the new arrangements, nonetheless complain about the 'avalanche of paper' and the lack of time to respond. In fact, thoroughly good consultation has taken place, responses have been heeded and the contractor, understandably given the stipulations of the contract, is intent on working in genuine partnership with schools. There has not yet been a reciprocal response from all the schools.

Literacy and numeracy

85. The last report recommended more careful targeting of literacy and numeracy support as well as clarification of, and consistency in, the role of the link inspector in relation to these two areas. Islington's response to the first of these recommendations has been effective and successful; targeting of support is now very good and well understood by schools. The role of link inspectors in relation to literacy and numeracy, although clearly set out in the contractor documents and improving, is not yet fulfilled consistently and there are gaps in the liaison between link inspectors and these two core subject teams. Much now depends on the ability of the contractor to deploy this help in support of the challenge to be provided by link inspectors.

Literacy

86. Islington was one of the 15 pilot LEAs in the National Literacy Project from 1996. Problems with strategic management and organisation of literacy support along with other factors including the unclear role of link inspectors contributed to a weak start to the project. At the time of the last inspection, schools were poorly supported, the use of data was slow and the target setting exercise had been unconvincing although there was some evidence that the literacy team was beginning to tackle these problems.

87. An English and literacy team has been established. Headed by the inspector for English and literacy and including three primary and three secondary consultants, the team is located within the quality learning and inspection (QLI) service to enhance opportunities for integrated working. It is implementing a clear service plan, well focused on objectives designed to support the EDP targets and from which the individual responsibilities of team members can be identified and monitored.

88. For primary schools, in addition to providing a generally available INSET programme, the team uses a combination of factors including key stage results, OFSTED school inspection reports and link advisers' advice, to make a judgement about the need of individual schools for access to a programme of support. All schools are allocated termly to one of four bands. Schools are aware of the entitlement, which is associated with each band, and they understand and largely trust the judgement made by the team about banding. The allocation of schools is to an appropriate degree negotiable and at the time of the inspection, at the beginning of March, the team was about to advise schools of their allocation for the summer term. Within schools, the team uses the knowledge of headteachers, literacy co-ordinators and, sometimes, link inspectors to identify teachers who might benefit most from help or advice. Target-setting workshops for Year 5 and 6 teachers and the Year 6 weekly plans are good examples of activity well focused on significant groups of pupils. The team uses a suitable combination of 'satisfaction surveys' and pupil assessment data to monitor its impact.

89. In the Audit Commission survey, more than two thirds of primary schools describe the service of the English and literacy team as good or better and schools interviewed during the inspection spoke highly of it.

90. The improvement in working practice and the step forward in the quality of relations between the LEA and its schools in this area deserve acknowledgement, but both parties still face an enormous task in converting their activity into acceptable pupil attainments. The target, agreed with the DfEE and in the contract, for the proportion of pupils gaining Level 4 and above in English at Key Stage 2 in 2002 is 79 per cent. This is 11 percentage points above their attainment in 2000 and nine percentage points above the schools' own targets for 2002.

91. Work in the secondary sector is at an early stage following the appointment of consultants in January 2001. Schools are being allocated to one of three bands and a programme of support is being developed.

Numeracy

92. At the time of the last inspection, Islington had not become involved in the National Numeracy Strategy, although three of its schools had been involved with the strategy developing in a neighbouring borough. The LEA's target for Level 4 at the end of KS2 in 2002 was at the lower end of the range (71 per cent) and regarded by schools as challenging. The LEA's challenge to schools was weak, its support was sometimes good but overall too inconsistent and ill-targeted to be effective. Its staffing was inadequate, and it had no strategy, although there was the basis for one in the EDP.

93. The contractor now provides a team led by the Inspector for mathematics and numeracy which include 2.5 full time equivalent (fte) primary consultants and will include two full time KS3 consultants from Easter 2001. This team is also located in the QLI service.

94. The primary consultancy has expanded in its second year of operation and in addition to a general training programme, has provided three National Numeracy Strategy conferences, which received an 83 per cent satisfaction rating from participants. It also targets support on 36 schools described as 'core' on the basis of a variety of factors including link inspectors' advice. This allocation and the entitlement to support is made on an annual basis.

95. Four out of five primary schools reported this service as good or very good in the Audit Commission survey and those interviewed were unanimous and broad-ranging in their praise. Particular mention was made of the high quality of support for newly qualified teachers and for very experienced teachers with concerns about their numeracy skills. Schools have a named consultant; they appreciate and trust the targeting of the team's resources. The entitlements associated with the two categories are well understood.

96. The numeracy team also needs to translate its activity, which is rightly well regarded, into continuously improving pupil attainment. Level 4 results in mathematics at the end of KS2 in 2000 were a fraction of a percent above the LEA target but just below the actual 1999 level. The target for 2002 is at the lower end of the range and schools in this new context should be increasingly ambitious and confident that they can exceed that target.

97. Some support has been provided for secondary schools by a temporary consultant and more recently this has been provided 'in inverse proportion to need' rather than on an equal formula. Link inspectors have played a significant role in identifying schools in need.

Link inspectors

98. There is widespread agreement that informal and formal arrangements between the literacy and numeracy teams on the one hand and link inspectors on the other have improved: the role of the link inspector has now been clearly set out in relevant documents and job descriptions; all the teams are in a single management unit (QLI); there are regular scheduled meetings between team members; core subject consultants contribute to schools causing concern meetings. Nonetheless, there is an uncertainty amongst schools about what the respective contributions should be, in particular to discussions on target-setting.

Recommendation

To improve further support for literacy and numeracy:

- a brief annual account of the team's work with all schools should be published, informing schools of the overall distribution of each team's time, its particular allocation in each school and its impact, so far as that can be shown without incurring additional costs; and
- guidelines for the inclusion of core subject co-ordinators in the discussion of school targets and for the circulation of visit notes should be consistently implemented.

Support for the quality of teaching

99. At the time of the previous inspection, support for improving the quality of teaching was poor, bearing insufficient relation to the needs of the schools and the scale of the problems. The LEA had insufficient knowledge of its schools, and lacked effective and efficient strategies to support improvement. There was insufficient monitoring of schools by link inspectors and inadequate analysis of OFSTED school inspection reports and performance data. In-service training was unsatisfactory in its delivery and match to teachers' needs.

100. There have been two annual reports on the findings of OFSTED school inspection reports in 1998-9 and 1999-2000. The first was misleading in its main finding that 'this is a set of very pleasing inspection reports' when 20 per cent of the schools inspected by OFSTED in that year were identified as causing concern. Such a conclusion illustrates the level of low expectation prevalent at the time. The subsequent report was more thorough and detailed, realistically identifying weaknesses and matters of concern and tackling them through the training programme, link inspector activity and the draft EDP. Latterly, therefore, progress has been good.

101. One common area of weakness in Islington schools, which continues to be identified by OFSTED school inspection reports, is the quality of teaching. Two main strands of the contractor's approach to improving the quality of teaching are the arranging of continuous professional development for teachers and the support for schools in reviewing and improving the quality of teaching in lessons.

102. In-service training for teachers has improved dramatically since the last inspection. Training is funded by a variety of high take-up, service level agreements or standards funds, and external providers deliver one quarter of training. Latterly, course evaluation has been put in place for all courses; satisfaction rates are high and any sign of dissatisfaction is thoroughly investigated. Monitoring and planning are also subject to scrutiny by a steering group, voluntary attendance at which reduces its rigour. The principles behind the programme are based upon national initiatives, EDP priorities and the needs of teachers and schools as identified by school inspection and school development plans. Imaginative steps are being taken actively to target training at specifically identified schools and individuals and to create a continuum of training to suit the diverse needs of newly qualified teachers to long serving headteachers.

103. The contractor clearly states and believes that improvements in pupils' attainment can be brought about by improving the quality of teaching, and the quality of teaching can be improved through observation of teachers in lessons, feedback and monitoring. At the time of the last inspection, schools were not skilled at this task and there was no culture of school self-review and improvement. The contractor is making steady progress in developing this culture in schools. In addition to offering relevant courses at which take-up has been satisfactory, link inspectors have observed lessons themselves, taken part in paired lesson observations and, in the most successful schools, ensured that a robust system of self-review is established which no longer requires direct link inspector involvement. An audit of progress thus far suggests that half of the schools have reached this point.

Recruitment and retention of teachers

104. Attempts by the contractor to improve schools through support for schools causing concern and support for improving the quality of teaching are being jeopardised by difficulties in recruiting and retaining teachers. Headteachers frequently and dramatically illustrated the difficulties they face, particularly in schools causing concern. In two primary schools that have slipped from the serious weakness to the special measures category, half the teachers will have left in the spring half-term. The common use of supply teachers to cover sickness or vacancies is leading to many, often very young, pupils having different teachers from day-to-day and week-to-week. Supply teacher agencies are increasing already expensive daily rates for schools causing concern or facing an inspection. The presence of unqualified staff from overseas 'teaching' full classes is increasingly common. On 18th January 2001, there were 38 such teachers in post. The contractor has implemented and is further developing a number of sensible strategies to recruit and retain both teachers and its own staff.

Support for schools causing concern

105. In spring 1999, the rate of improvement in schools causing concern was too slow. The LEA's capacity for identifying them, analysing their needs and supporting them was small. The quality of support for school planning was uncertain and the help provided was late, inadequate and usually had no discernible impact. Overall, intervention in schools in difficulties was inadequately performed.

106. At the time of the previous inspection, three secondary schools (out of nine) and four primary schools were in special measures and a further seven primary schools were identified as having serious weaknesses. At the time of this inspection one secondary school and four primary schools are in special measures and one secondary school is identified as having serious weaknesses. In addition, the contractor has identified six other primary schools as causing concern. This significant reduction in the number of schools identified by OFSTED as causing concern, particularly those with serious weaknesses, shows considerable progress. However, the proportion of schools requiring special measures, although comparable with some similar authorities, remains at over three times the national average and three of the primary schools that now require special measures have slipped from the serious weakness category.

107. The contractor makes good use of high quality data and link inspector knowledge to identify schools causing concern. There is an appropriate range of categories of concern and a clearly written policy, which has been subject to consultation with schools. Schools are highly satisfied with the protocols and those identified are clear about the nature of concern and the measures taken to resolve those concerns. Levels of intervention are set out in a transparent way and Standards Fund monies are used sensibly and differentially to target areas of weakness. In every school identified as causing concern, by the contractor and OFSTED, a project group is established, chaired by a member of the contractor's management team, which identifies levels of support required and monitors and evaluates the measurable outcomes of that support. This rigorous activity, led from the directorate, has, with one exception, successfully prevented any school being newly identified by OFSTED as causing concern since April 2000.

108. Progress in supporting schools identified by OFSTED as causing concern has been more variable. Since the last inspection, three schools that were in special measures have closed and three primary schools have been removed from this category in periods ranging from 14 to 26 months. This is good progress. Two secondary schools have also been removed from the special measures category, but in each case it took more than three years. Since the last inspection, not enough has been done to prevent one Fresh Start secondary school and three primary schools identified as having serious weaknesses from falling into the special measures category, although one of these no longer gives cause for concern. Poor leadership and management of these primary schools are common factors in the schools' deterioration. Similarly, poor leadership and management when the Fresh Start school opened meant that it did not meet expectations. Overall, sound progress has been made in the EDP priority of supporting schools causing concern, except in these four schools, where measures to fulfil the draft EDP priority of improving school leadership and management have proved ineffective. Once placed in the

special measures category, the contractor's support for these schools is reported as strong, extensive and substantial by HMI monitoring reports in the autumn term 2000.

Surplus places

109. The last inspection report recommended that the review of surplus places should be reinstated, and subjected to clear and extensive consultation with schools. The LEA's response to this recommendation is, overall, satisfactory. The contractor is contracted to provide the council with the advice to fulfil the responsibility for provision of school places which remains unambiguously with the LEA. The council's willingness in recent months to face and make difficult decisions is welcome and better than satisfactory. Its determination may, if it is maintained, signal an important, necessary change in the council's capacity to provide leadership in adversity.

110. At the time of the last inspection, the proportion of unfilled places in Islington schools in both primary and secondary phases was marginally above the national average. This was not, overall, a crisis but a degree of waste, which was particularly serious in the nine primary schools and two secondary schools with over a quarter of their places unfilled. Even more debilitating for the education service was the LEA's inability to formulate, consult on and drive through required changes.

111. The LEA's response was initially slow and has accelerated, necessarily, in the past six months or so. The LEA now has the capacity to analyse trends and to plan for the future requirements of school places. It knows that if allowed to drift, the position would deteriorate to 15 or 16 per cent of primary places being unfilled by 2005. The school organisation committee is established and operates. The school organisation plan approved in 1999 did not grasp the issues satisfactorily but matters have moved on in 2000, particularly since the late summer.

112. Minor amendments proposed by the council to the provision of secondary places are sufficient and appropriate in a borough which is ambitious to increase the use of its own secondary schools by its own residents. Reductions in numbers at three secondary schools and the admission of girls at two schools which previously admitted boys only into Year 7 should allow Islington to reduce the total of unfilled places, to have no secondary schools with 25 per cent unfilled places and to allow for fluctuations in parental preferences. The advice prepared by the contractor on these proposals and the consequent consultation have been good. These changes are being achieved, by and large, within a consensus, which should allow the remaining elements to be implemented.

113. In the primary sector, the contractor has advised the council to deal first with those two of its planning areas where the need to deal with unfilled places is greatest. Although there is a case that a borough-wide review might have been appropriate, the advice given was reasonable. It will leave the borough with further work to do once planning areas one and six have been dealt with. In planning area one, appropriate reductions in the standard numbers at two primary schools and corresponding reductions in the schools' capacities will be sufficient to reduce

unfilled places. The proposals to do this are also being supported by and large and will now be the subject of statutory notices.

114. In planning area six, a large number of places will have to be removed and the council's consultation on how to proceed has been informed by advice from the contractor that its preferred option would be the closure of one named school. That advice was explicitly set out, with reasons, in the consultation documents. The governors, parents, headteacher and staff of the named school have mounted a vigorous campaign in defence of a school which has improved markedly and rapidly over the past two years and to which they feel a strong and understandable loyalty. They maintain, in broad terms, first that the process of consultation has been fundamentally flawed and has prevented them from proposing other, well informed solutions in defence of their school, and second that the preferred option which has now become the subject of a statutory notice from the LEA is unreasonable on the basis of the evidence available.

115. The recommendation from the previous inspection required the LEA to consult clearly and extensively with schools. The LEA and the contractor, together in this instance, have consulted satisfactorily although they have much to learn from the exercise, some aspects of which could have been better conducted. For example, there were some difficulties with the content of the initial consultation document, and the location of the public meeting could have been more thoughtfully selected. That said, officers appear to have responded appropriately when these matters were pointed out and it is clear from the documents provided to the team by the named school that many other aspects of the consultation were good and the alleged flaws did not prevent a powerful case being put to officers and members either in writing or orally at public meetings and on occasions when officers visited the school. Those documents alone might have drawn us to the conclusion that the consultation satisfactorily met the requirements of the recommendation in the previous inspection. Moreover, a statutory notice has now been issued and there is an opportunity for the school's supporters to put their arguments in full, first to the council and then, if necessary, to the school organisation committee.

116. It would not be appropriate for the inspection team to make any comment on the merits of the council's preferred option in comparison with any other options while the matter is subject to consultation under a statutory notice. The council's new-found determination to pursue the issue of surplus places through to some conclusion is to be welcomed and supported.

Recommendation

In order to improve further the supply of school places and to reduce the number of unfilled places:

- the review of planning area six should be brought to a conclusion which achieves the required reduction in unfilled places; and
-
- consultation proposals to reduce unfilled places in the remaining planning areas should begin by September 2001.

Securing the financial viability of schools

117. Far too many schools had budget deficits at the time of the last inspection and the report recommended sharper monitoring and vigorous action to eliminate these. Comprehensive and effective action has led to a marked reduction in the number of schools with deficit balances from 22 in 1997/98 to an estimate of four in 2000/2001. Two of the four schools have longstanding budget deficits of greater than 2.5 per cent. Both schools have a realistic recovery plan although one has an accrued deficit balance of £700k that will require tough action. This exception aside, both recommendations have been implemented. A healthy balance of support and challenge is provided. Different services work together effectively to ensure timely and purposeful action by schools. Clear and explicit guidance has been provided to schools on recovery plans. Information on school budgets is subject to rigorous scrutiny and acted on in good time. In some cases, dedicated expertise has been obtained to good effect for schools unable to recruit personnel with adequate financial and accounting expertise.

Maintenance of buildings and grounds

118. Management of the maintenance of buildings and grounds was poor at the time of the last inspection. Good progress has been made, although the backlog of condition and suitability issues remains substantial. The major investment strategy required to meet these needs has now been established.

119. A high quality asset management planning process (AMP) is now in place. Condition and suitability surveys were completed to deadline and recorded in a buildings' condition database. This data has been used effectively in bidding for capital grants. It reveals a repairs and maintenance backlog in the region of £84 million with £60 million for condition work and £24 million on suitability. This large sum for condition improvements is made up of: £1.8 million for urgent work, £18.3 million for the second highest priority and £38.9 million for third level of work. A clear procedure for agreeing priority needs through a local AMP policy statement has been developed and a bidding process established with Voluntary Aided (VA) schools. Schools know the priority of their needs under each category. A Private Finance Initiative (PFI) has been submitted worth £77.0 million. An asset management heads group has been established to advise the contractor, including on the need to make strategic use of devolved and retained capital funding. Closer relationships with governing bodies are being forged and this in part is being facilitated through support for governors in management of capital projects up to a value of £250k.

120. Schools have long awaited an investment strategy matched to need and although agreed for the 2001-04 period it has been too long in coming. So far, £4.675 million have been agreed from the sale of capital receipts for 2001/2 and a further £13.1 million over the following two years. In addition, the DfEE has allocated a total of £9.4 million which will be spent in the following way:

- £3.0 million over three years on asset management priorities;
- £2.8 million to be devolved to schools;

- £0.6 million seed challenge funding devolved to schools to match fund local priorities; and
- £3.0 million for a capital programme for one school in 2001/2.

121. A further £0.7 million has been allocated for capital investment in Sure Start. Further funds are anticipated that may raise the value of the education capital programme over three years to £32.5 million and school investment to £26.7 million. Although this overall level of investment is to be welcomed, it is also vital that effective communication with schools takes place on the allocation of funding for projects, given the time it will take to address the backlog of work in full.

Recommendation

To improve support for school buildings:

- improve communication with schools so that priorities determined through the asset management planning process are readily understood and can be applied by schools to local circumstances.

Information and communication technology (ICT) in the curriculum

122. At the time of the last inspection, the LEA had failed to provide appropriate guidance, training and support for ICT in the curriculum.

123. Satisfactory progress has been made on support for teachers and schools in raising standards, but the absence of a coherent and comprehensive strategy for curriculum ICT, developed in partnership with schools, limits the overall progress made.

124. The LBI set the contractor a challenging target to produce a strategy by September 2000 that it did not meet, partly arising from problems with the recruitment of an ICT manager. This post is intended to develop and co-ordinate the different elements of the strategy. An appointment has now been made. Nonetheless, much still needs to be done. Standards at Key Stage 4 were well below national standards at the time of the first inspection and this continues to be the case. Results are beginning to improve at GCSE in information technology from a very low base. In 2000, 39.4 per cent of pupils taking information technology achieved A-C grades, well below the national average of 55.6 per cent. The improvement from 1999 of 11.7 per cent against a 5.1 per cent improvement nationally represents very good progress. Pupil computer ratios at 19:1 in primary schools are well below national levels of 12.6:1 while secondary schools at 8:1 are at the national average.

125. There has been satisfactory progress with the National Grid for Learning, with all schools except one connected to the Internet and the Intranet. All except one have e-mail facilities. The Intranet is at an early stage and this is disappointing. The contractor hopes to make a step change in its use, primarily for data collection, information sharing and to identify and disseminate good practice. Schools can make use of the contractor's web site to post information. The need to improve access to

computer technology within schools remains a major challenge, although all schools do have networks.

126. Good progress has been made on other fronts. Monitoring is increasingly a strength. All schools have an ICT co-ordinator. Thirty-six primary schools are using the Qualifications and Curriculum Authority scheme or an adapted version. Clear and comprehensive guidance has been issued to schools on ICT development planning with progress monitored by link advisors. All secondary and 84 per cent of primary schools have ICT development plans that are used to target support. A 'needs' audit has been undertaken on teachers' knowledge and expertise and with ICT development plans, and these have been used to inform New Opportunities Fund (NOF) training. Two NOF fairs were held to introduce schools to recommended providers. 39.4 per cent of eligible teachers have started or signed up for NOF ICT training. Over a 20-month period a range of appropriate courses has been provided for teachers and non-teaching staff involving close to 400 staff.

Recommendation

In order to improve its provision for curriculum ICT:

- a comprehensive and coherent strategy for ICT to support schools to raise standards further in ICT should be developed and implemented.

Support for governors

127. At the time of the previous inspection, governors in Islington's schools received insufficient advice, information and support. There were many longstanding vacancies and 13 per cent of places were unfilled. Governors who were in place felt neglected. Some aspects of training for governors were satisfactory.

128. Islington's efforts to recruit governors have intensified and are good. Communication with existing governors has improved: information, guidance and training are developing well and, as a result, relations with a better informed and focused cohort of governors are progressing positively.

129. Nevertheless, the proportion of vacancies on governing bodies has increased since the last inspection and is now 16.4 per cent. On the credit side, this is still a fraction below the national average and well below the average for LEAs that are similar to Islington. As a preliminary step, data held about governors has been improved markedly and can now be used to show the distribution of the 170 vacancies extant during this inspection.

130. These disappointing figures belie the LEA's efforts to recruit new governors. The database, which tracks the length and nature of vacancies, has been used to prepare advice and support on recruitment for individual schools and to monitor the pattern of vacancies overall. Approaches have been made to specific voluntary and community organisations, in part, but not exclusively, to extend the number of governors from ethnic minorities. Vigorous and targeted action to recruit new governors is underway. Councillors have taken an active, continuing interest in the

position. Officers recognise the contribution that governance can make to school improvement and one consequence is that priority is given to recruiting governors at schools causing concern or in special measures.

131. The quality of information, guidance and training offered to governors, particularly relating to their role in raising standards, has significantly improved and governors generally welcome the improved efforts made by the LEA in all these areas.

Recommendation

- In order to support and improve school governance further:
- the induction and retention of new governors should be monitored and identifiable necessary improvements implemented; and
-
- the governors' helpline should be established.

Behaviour and attendance

132. At the time of the last inspection, changes to the organisation and management of the behaviour support service were slowly beginning to have a positive impact in some schools. However, much more needed to be done to provide a strategic service across the borough. There was confusion about the role of the behaviour support team, especially in mainstream schools. Dissemination of good practice was too limited.

133. The contractor's approach to the targeting of behaviour support has been good and although accountability to schools for the work of its teams could still be improved, dissemination of good practice is satisfactory and improving. It is to the credit of Islington schools and now also to those supporting them that the trend over the past three years, in which actual exclusion rates are better than targets, is being maintained. The number of permanent exclusions fell from 57 in 1997/98 to 38 the following year and to 18 in 99/00. This trend is continuing in 2000-01.

134. In order to focus behaviour support according to need, the LEA had to be better informed about its schools. The contractor can now track all Islington's schools against indicators of potential concern including rates of exclusion, representation of black pupils in exclusions, referrals to Pupil Referral Units PRUs, incidents linked to race, levels of bullying or harassment, attendance rates and OFSTED inspection comments. To help further with identifying need, the contractor has encouraged the exchange of information between its behaviour support team and link inspectors.

135. The LEA also needed to organise its services efficiently and has done so with the creation of primary and, more recently, secondary behaviour support teams with capacity to link effectively to the work of the PRUs in their respective phases. Primary pupils do not attend the PRU unless they have been supported first in school by the outreach team. The secondary team's guidance on pastoral planning,

presently in draft, should further clarify working arrangements between schools, the support team and the PRU.

136. Finally, the LEA needed to allocate the resources of the teams according to schools' needs. It has made good progress on this point, using the processes described above, although further work is needed if schools are to understand allocations as well as the team now does. Schools now have a high degree of trust in the team's distribution of resources for support but do not all know why they are - or equally importantly are not - given a particular priority or where their allocated priority places them in the wider scheme of things.

137. Schools have mixed views about support for their work with behaviour difficulties. The inspection survey reported a great deal of dissatisfaction but interviews did not wholly bear this out to a very large extent both primary and secondary schools spoke warmly about the service they had received from the contractor's team, whether for individual pupils or for staff development. Schools spoke of a new focus: "a sense of working with focused professionals rather than well meaning outsiders". The appreciation was for the practical intervention provided by individual team members; the criticism is that there is still insufficiency and sometimes inefficiency in the organisation of support. Schools were confident that members of the team disseminated good practice effectively as they moved from school to school. Primary schools were more uncertain about any entitlement they had to behaviour support services or of the circumstances in which schools could purchase additional support from the contractor.

138. The contractor disseminates good practice, for example through the inclusion project, special educational needs conference and a Beacon school. Guidance has been drafted for schools planning pastoral systems and pastoral support programmes. The team anticipates being able to work closely with learning support units in schools and working relations between the Inspector for social inclusion and the behaviour support team are clearer in theory and in practice. There is a training programme for schools to buy. It is still not easy for schools to know, still less to understand, the breadth and coherence of this range of activity and further work needs to be done to clarify this for them.

139. The last report found that Islington's support for school attendance was 'barely satisfactory' with significant shortcomings notably in the quality of documentary advice offered to schools and the basis of allocating support to schools. Support for attendance is now satisfactory and improving. Further advice on attendance policy has been provided for schools who are supported by a developing range of activities provided through the contract.

140. Both documentary and practical support for schools has improved since the last inspection. New advice has been circulated and the work of the education welfare service (EWS) is better understood and more purposefully organised. However, attendance rates are not yet anywhere near the targets. In the past three years overall attendance has remained static. Unauthorised primary absences increased from 1.1 per cent to 1.3 per cent and secondary reduced from 2.7 per cent to 2.0 per cent. It follows that the reduction in unauthorised secondary absences has been

matched by an increase in authorised absence. Overall, attendance is low for secondary and average for primary schools in comparison with similar authorities. More than three-quarters of schools now describe the contractor's support in this area as satisfactory or better. The contractor has provided clear policy and practice guidelines for schools. In October 2000, the contractor wrote to primary schools accepting that 'the EWS service to primary schools is not being provided at a satisfactory level'. This letter carefully described how the contractor intended to deal with the situation including the creation of a basic entitlement for all schools and then a three level banding system for schools in need of additional support. The rationale for the bandings, the names of schools in each band and the nature of the support available were all clearly set out. In addition, service standards for the primary EWS were published in the letter. This approach has the potential to promote further improvement.

Recommendation

In order to improve further support for behaviour and attendance:

- publish a brief annual or termly account, as appropriate, which enables schools to see how the service plans to deploy its resources supporting behaviour and attendance in the following period at individual schools and in the LEA overall;
- publish an annual evaluation which allows schools to make an informed judgement about the effectiveness of the services and which includes illustrations of good practice which schools might want to consider in their own circumstances; and
- publish the draft guidance on pastoral support programming.

SPECIAL EDUCATIONAL NEEDS

Overview

141. The first inspection report was critical of shortcomings in almost every aspect of provision for special educational needs, notwithstanding pockets of good practice. This criticism was overwhelmingly due to the absence of a clear and comprehensive strategy for special needs and the lack of translation of such a strategy into operational plans implemented to good effect. These weaknesses have largely been addressed. Heads and co-ordinators for special educational needs (SENCOs) are now looking forward to a range of exciting and innovative developments that they have played a full part in initiating and which are the building blocks of social inclusion of children with special needs.

142. Islington's progress since the last inspection has been impressive. There is now a sound basis upon which both the standards achieved and the overall educational experience of children who have special needs can be improved.

143. Islington's inclusion policy contains a clear and realistic vision, and set of principles that are well conceived. These principles have guided the development of a strategy that over time should bring measurable improvements in provision and in pupil-related outcomes. This strategy, which is at an early stage, is based on the notion that all schools have a role to play in developing inclusive education, but some, supported by their local special school, are better placed to introduce specialist provision to meet particular types of need. Every school is linked to one of the four service areas and thus to Islington's special schools. Each area is supported in the development of a particular range of expertise that will be available to the whole borough and, in time, resources will be devolved to area level. The provision developed at area level will include within its range, the needs of a significant proportion of children currently educated outside the borough. This should help vulnerable pupils to secure closer links with their families and at the same time reduce expenditure, which at current levels is £59 per pupil: lower than the inner London average of £72 but substantially above the national average of £42. The strategy is backed up by the 'SEN framework for action' the activities within which are clear, well matched to strategic aims and link well with other activities, although more emphasis on success criteria and measurable outcomes would strengthen the monitoring of impact, an essential ingredient of future success.

144. The benefits of these positive developments should be visible over the next three to five years and already small improvements can be seen, although considerable hurdles remain. The proportion of statements is too high and well above national levels. Unnecessary statements have focused educational psychology and administration resources at stage four and five of the SEN Code of Practice. As is the case nationally, schools have requested statements as a means of securing additional resources, and at the same time expressed dissatisfaction with the availability and quality of support of education psychologists at early stages of the Code. Key indicators for statements show an improving situation when comparing 1999 data with 2000. The national average for statements in primary

schools is 1.6 per cent. In Islington the proportion of statements is falling in the primary sector from 2.4 per cent to 2.1 per cent but, mirroring the situation nationally, there has been little change in secondary schools. The number of statutory assessment requests has fallen by 29 per cent. The proportion of statements issued has reduced by 20 per cent. The proportion of statements discontinued has increased and this trend is continuing. The proportion of cases going to tribunal has reduced by about 50 per cent. The Parent Partnership is developing well and administrative support for parents has contributed to the special education section achieving a second Charter Mark award. The latter process is used as a means of obtaining external evaluation of its standards and has led to an excellent diagnosis of future development needs. Ninety two per cent of draft statements are completed within 18 weeks, a rise of four per cent and well in excess of the national average of 67 per cent. These improvements are all consistent with the overall strategy that seeks to move resources into prevention and early intervention.

Recommendations from the first inspection

145. The London Borough of Islington, through the contractor, has set itself some tough challenges in the activities chosen to implement its SEN recommendations. Monitoring data has expanded and this has helped to improve the targeting of support to need. A good start was made in 1999 with a rigorous SEN audit. This helped to identify unmet need, particularly in the areas of literacy and behaviour. Other sources of monitoring data used subsequently by SEN support services and link advisers to target intervention include:

- school management information profiles;
- section 10 reports;
- monitoring of school SEN policies;
- reviews of SEN referrals;
- grades for the assessment of pupils' progress at annual reviews;
- data on pupils 0-3 years from the pilot Sure Start scheme;
- data on under-5 autism from a health action zone project;
- under 5 inter-agency identification and assessment;
- speech and language needs audit; and
- an 'index of inclusion' that is being piloted to improve school based monitoring.

146. The allocation of education psychology support is now based on a formula that uses deprivation measures but also takes into account schools in special measures and with serious weaknesses. The work of the learning support service is being evaluated against individual education plans to ensure it is focused on need. More recently, a detailed monitoring and evaluation framework has been devised and a comprehensive action plan developed from it that covers the monitoring of policy, resources, pupil and staff needs, and pupil outcomes. This, when fully implemented, should sharpen intervention so that it is in inverse proportion to success.

147. Schools have been issued helpful guidance on the use of resources delegated to them both with the use of additional educational needs funding and of SEN resources. This is particularly critical given the delegation of funding for high incidence needs in April 2001. There is also clear and unequivocal guidance on the

use of withdrawal. The monitoring of school-based practice linked to this recommendation involves the use of section reports and follow up action taken on the use of resources, SEN policies and triggers of concern, is at an early stage, and should yield benefits in the medium term.

148. Total expenditure on statements on a per pupil basis is now slightly below the inner London average. The developments in train should reduce this substantially in future years, particularly if the trend towards reducing statements and moving resources into early intervention continues. Sharper statutory assessment criteria are being developed with the use of pupils' attainment data and other outcome measures. Work has begun on related criteria for the cessation of statements and for admission to specialist provision. Increased levels of delegation will move the focus from individual allocations to proxy indicators, and in so doing give schools the flexibility and autonomy to meet needs. Further delegation and its outcomes will be backed up by data from the monitoring and evaluation framework. Resources are being recycled following annual review in accordance with changing patterns of need. A range of initiatives through the inclusion project should increase the level of support to meet increasing range of needs and, in time, reduce out-borough placements. Expenditure on the latter has been broadly steady over the last two years. Strategic planning between education, health and social services for shared clients with high levels of need, is not sufficiently integrated and individual policies pursued in splendid isolation can and do lead to problems in partner agencies. There have been positive developments arising from education's partnership with health which has agreed to align its children services with that of education's four geographical service areas.

149. The assistant director for pupil services provides sound leadership and clear direction, ably supported by his management team. Co-ordination is improving and should be strengthened when the re-structuring of the management team is complete. The work of the inclusion advisory group is at the heart of co-ordination undertaken by the management team. Service planning supports co-ordination as activities are grouped in helpful clusters that link well to activities in other plans and this is translated into action on the ground in schools. There has been good progress with prevention and early intervention. The terms of reference for the inter-agency under-fives advisory group provide a useful basis to allocate early support to pupils with severe needs. Training is targeted at SENCOs and early years' co-ordinators on early identification, assessment, and teaching strategies. Special educational needs co-ordinators are also being supported by the inspection and advisory service on change management and curriculum specific SEN advice. The behaviour support service has been re-organised to offer preventative approaches at Key Stage 1 and 2, secondary outreach has been established and PRU support is increasingly effective. The work of the Excellence in Cities project, the Sure Start project, joint commissioning for severe and complex needs, and a child and adolescent service providing outreach to schools all contribute to prevention and to varying degrees to early intervention. Inter-authority work with the Camden and Islington Health Authority, now extended to include Camden LEA, on language and communication, has been highly successful in reducing waiting lists for pupils needing speech therapy. There is still some way to go before all school staff are convinced about the merits of inclusion, but improved advice, training and support at

all levels for teaching and non-teaching staff are beginning to improve confidence and expertise in schools.

Recommendation

In order to improve support for special educational provision:

- develop a broad range of outcome measures that inform progress with the implementation of the SEN strategy and enable the latter to be updated in the light of changing circumstances.

APPENDIX

Recommendations

In order to support schools in making reliable judgements about the value for money of all services purchased through the council and its contractor:

- funding incorporating the full cost of overheads should be delegated to schools for all such services.

In order to further improve the rigour of the target-setting process:

- as a matter of urgency, the LEA should gain approval from the DfEE for its revised Education Development Plan;
- the target-setting discussions with schools in autumn 2001 should take place:
 - in a timely manner;
 - in a challenging manner, in cognisance of the overall target; and
 - in a constructive manner, by all parties, recognising the need for continuous improvement in pupil performance.

To further improve support for literacy and numeracy:

- a brief annual account of the team's work to all schools should be published, informing schools of the overall distribution of each team's time, its particular allocation in each school and its impact, so far as that can be shown without incurring additional costs; and
- guidelines for the inclusion of core subject coordinators in the discussion of school targets and for the circulation of visit notes should be consistently implemented.

In order to further improve the supply of school places and to reduce the number of unfilled places:

- the review of planning area six should be brought to a conclusion which achieves the required reduction in unfilled places; and
- consultation proposals to reduce unfilled places in the remaining four planning areas should begin by September 2001.

To improve support for school buildings:

- improve communication with schools so that priorities determined through the asset management planning process are readily understood and can be applied by schools to local circumstances.

In order to improve its provision for curriculum ICT:

- a comprehensive and coherent strategy for ICT to support schools to further raise standards in ICT should be developed and implemented.

In order to further support and improve school governance:

- the induction and retention of new governors should be monitored and identifiable necessary improvements implemented; and
- the governors' helpline should be established.

In order to further improve support for behaviour and attendance:

- publish a brief annual or termly account, as appropriate, which enables schools to see how the service plans to deploy its resources supporting behaviour and attendance in the following period at individual schools and in the LEA overall;
- publish an annual evaluation which allows schools to make an informed judgement about the effectiveness of the services and which includes illustrations of good practice which schools might want to consider in their own circumstances; and
- publish the draft guidance on pastoral support programming.

In order to improve support for special educational provision:

- develop a broad range of outcome measures that inform progress with the implementation of the SEN strategy and enable the latter to be updated in the light of changing circumstances.

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