

Chair  
Cabinet Social Policy Committee

## **Investing In Educational Success: Implementation and Operating Contingency Update**

### **Proposal**

1. This paper provides an update on the implementation of Investing in Educational Success (IES), and an outline of planned future support for Communities of Learning. It also seeks approval to re-phase and draw down part of the remaining operating contingency and to extend its expiry date.
2. Due to a longer than expected start, I have an underspend and I seek your agreement to repurpose this underspend to Communities of Learning to build efficiencies, create more space for school principals to focus on leading teaching and learning, and to firmly embed Communities of Learning in our education system.

### **Executive summary**

3. In January 2014, Cabinet agreed to invest \$359.256 million over four years to implement Investing in Educational Success (IES) [CAB Min (14) 1/14]. This flagship policy aims to raise student achievement through three main initiatives:
  - New leadership and teaching roles to raise the quality of leadership and teaching across the sector through Communities of Learning
  - A Principal Recruitment Allowance to attract high performing principals to high-needs schools
  - A Teacher-Led Innovation Fund to develop and disseminate innovative teaching practice.
4. IES creates the platform for improving what matters most in the education system - the quality of leadership and teaching practice. It also establishes more effective collaboration built around communities and the pathways children and young people take through their education. IES is supported by the other system levers I am updating as part of my Education Work Programme (EWP) agreed by Cabinet in November 2014 [SOC Min (14) 17/1 refers] especially:
  - Updating the Education Act, to focus on children and young people's achievement
  - Reviewing education funding systems, to strengthen the relationship between funding and achievement
  - Developing, disseminating, and using public achievement information, so that the right educational and social responses can be targeted to the right child and young person, and so that progress in learning becomes the currency of educational expectations and conversations.

5. Together, this work is expected to make the education system fit for purpose for the current and future needs of all children and young people, building on the successful lift in participation and achievement our Government has gained through delivering on Better Public Services. IES' focus on additional leadership for common achievement challenges, shared expertise in teaching and learning, and professional collaboration along the whole student pathway will strengthen the education system. This will lead to higher achievement and a stronger workforce, reducing dependency on social systems and ensuring our economy and our country continues to grow and prosper.

#### ***Progress: Implementation of Communities of Learning***

6. There were some challenges moving IES from the design stage to full implementation. However, further design work with the education unions was undertaken and agreement was reached with the Post Primary Teachers' Association (PPTA) and the Secondary Principals' Association of New Zealand (SPANZ) in December 2014, and finally with the New Zealand Educational Institute (NZEI) in October 2015. Part of the agreement reached was extending the initial Communities of Schools concept to Communities of Learning, making the logical step of connecting the early learning-to-school pathway, and the potential for a seamless transition from one part of the education sector to the next.
7. Notwithstanding this year long negotiation, progress in establishing Communities of Learning is going well. There are now 96 established Communities of Learning, encompassing every education region, with 789 schools and over 250,000 students – a third of our schooling sector.

#### ***Progress: Principal Recruitment Allowance***

8. There has been strong interest from schools to offer the Allowance. Thirty-two applications have been received and fourteen of these have been approved to advertise. To date, nine principals have been appointed to high need schools through the Allowance. We are on track to have up to twenty principals appointed with the allowance, each year over the next five years, up to a maximum of one hundred at any one time.

#### ***Progress: Teacher-Led Innovation Fund***

9. The first round of the Fund has been completed with 40 research proposals receiving funding of \$2.67 million over three years. The main research areas include literacy, mathematics and the use of digital technology and e-learning. This initiative provides opportunities for teachers to raise student achievement through practical student-focused inquiry based on research. I propose to extend the Fund for an additional two years.

#### ***Opportunity to re-phase the IES contingency***

10. There has been a longer roll-out period than initially expected. This is because of the further joint work to finalise the design, the time taken to reach broad sector agreement, the process of building relationships and trust between schools, the use of data required to effectively establish jointly owned achievement challenges, and the sheer scale of IES with its whole of system application. Despite this, we remain on track to approach full implementation towards the end of 2017. However, it has led to an underspend in the contingency provision.

11. I propose to re-phase the contingency and repurpose a proportion of it to reflect current roll-out projections and opportunities to accelerate progress in Community of Learning development over the next several years.

### ***Supporting Communities of Learning to make a difference***

#### **Expert partners**

12. To support Communities of Learning to build collaborative practices, develop, then meet their achievement challenges, Professional Learning and Development (PLD) support from existing PLD funding will be tailored to their implementation needs.
13. To ensure that the investments in data, collaboration, and PLD combine to their best effect, I seek your agreement to make expert partners (academics and expert practitioners) available for Communities of Learning. This will support accurate diagnoses of the learning challenges and appropriate pedagogy to respond, set and measure actual impact on student learning and achievement.

#### **Leadership**

14. In some Communities of Learning, it may be necessary to offer an alternative model of leadership that will require engaging outside expertise. In instances where a leader from within the schools in a community cannot be found, I propose that the Ministry of Education work with the Community of Learning to provide a highly effective leader for a fixed period to support them in their early stages.

#### **Operation support – bundled services**

15. To optimise the new operational framework that Communities of Learning offer, I have asked the Ministry to explore how bundled packages of services for Communities of Learning could be developed, creating a menu of external providers. Early opportunities are already being explored in property management and ICT support. I see the potential for bundling and streamlining other services such as social support and back office business services. Taking this approach should generate economies of scale and enable principals and teachers to focus more on their core business of raising student achievement.

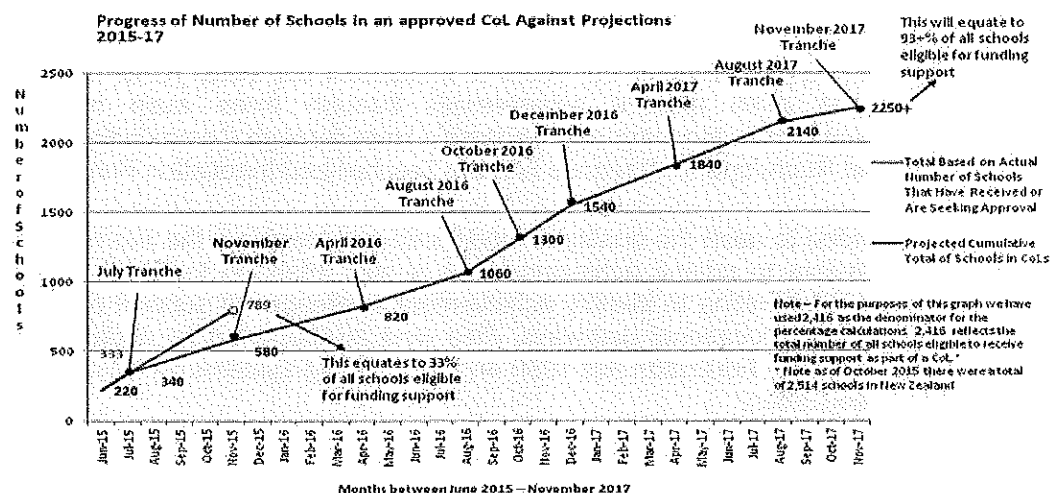
### **Investing in Educational Success - implementation update**

16. In January 2014, Cabinet agreed to invest \$359.256 million over four years (2014/15 to 2017/18) and \$155 million in out years to implement IES (IES) [CAB Min (14) 1/14]. IES aims to raise student achievement through three main initiatives, the establishment of new teaching and leadership roles through Communities of Learning, the Principal Recruitment Allowance and the Teacher-Led Innovation Fund.
17. IES is intended to raise the quality of leadership and teaching, the two most important in-school factors to raising achievement. It is also intended to focus the education system on collaborating to identify achievement challenges in support of children and young people's educational pathways. This work is supported by updates to the key system levers: the Education Act 1989 and the funding systems for schools and early childhood education.

## Communities of Learning

18. Communities of Learning are made up of schools, generally geographically based, but critically focused on the actual pathways students take throughout the thirteen or so years they are in the schooling system. Over time, I intend to add both ends of the existing pathways into Communities of Learning – early learning and tertiary education.
19. To achieve the system change I seek, the Ministry has worked closely with the education sector to finalise the design of the model and roll it out, to drive the pace of the roll-out and to build collaboration as a core part of the system.
20. While agreement was reached with the Post Primary Teachers' Association (PPTA) and the Secondary Principals' Association of New Zealand (SPANZ) in December 2014, a longer process was required with the New Zealand Educational Institute (NZEI), leading to agreement in October 2015. This final agreement included transitioning Communities of Schools to Communities of Learning, making the logical next step of connecting the pathways down to Early Childhood Education (ECE) services. The Ministry continues to work with the sector on a number of related issues and this work is progressing well.
21. Prior to final agreement with the NZEI, I had approved the establishment of 42 Communities with 333 schools and about 120,000 students. Since then, establishment has accelerated, with 96 Communities of Learning now approved encompassing every education region, 789 schools and over 250,000 students – around a third of state and state-integrated students. This has put the initiative on track to reach 126 approved Communities of Learning as I reported to Cabinet in 2014. Annex One shows the location map of Communities of Learning by region.
22. Figure 1 outlines the forecast number of schools in Communities of Learning against the actual number to date, and when I expect to receive reports on new Communities of Learning seeking to establish during 2016/17 – the next tranche is April 2016. The Ministry has exceeded its projection of 580 schools in established Communities of Learning by the end of 2015.

Figure 1: Communities of Learning implementation projection



23. Establishing collectively agreed achievement challenges requires relationships and trust to be developed and a significant analytical process to be completed. This takes longer where there is no prior history of collaborative working and where accessing, analysing and interpreting quality data has been particularly challenging.
24. The Ministry provides data and assistance to Communities of Learning to help them identify and develop an action plan to address achievement challenges. ERO also supports this process by providing a background contextual report for each Community of Learning and offering evaluative workshops.
25. Achievement challenges are only endorsed where the analysis is robust and conclusions are evidence driven. To date, I have endorsed the achievement challenges and the associated high-level plans of eighteen Communities of Learning. I expect this number to rise rapidly as established Communities of Learning make progress in the early part of 2016. Annex Two provides an example of endorsed achievement challenges.
26. To date, Community of Learning leaders have only been appointed after the achievement challenges have been endorsed. In recognition of the work needed to successfully deliver agreed achievement challenges, I intend to allow the appointment of the leader to take place on approval of the establishment of the Community of Learning, rather than after achievement challenges are endorsed. This earlier appointment of a leader is designed to enable a stronger and more focused process in which to deliver robust and quality achievement challenges at a higher pace. Annex Three outlines the life cycle of a Community of Learning.
27. To date, eight principals have been appointed to the new Community of Learning leadership roles. There have also been 12 across-school teachers and 154 within-school teachers appointed to the new roles.

#### ***Principal Recruitment Allowance***

28. The Principal Recruitment Allowance is a \$50,000 fixed-term annual salary allowance on top of other principal remuneration to attract proven, highly effective principals to schools with high needs. To be able to advertise the allowance, a school must meet a high threshold that includes having a principal vacancy, and being able to demonstrate a history of under-achievement and difficulty in recruiting a permanent principal capable of meeting its education challenges.
29. The Ministry projected that there would be up to twenty principals appointed with the allowance each year over the next five years, up to a maximum one hundred at any one time. These projections reflected, amongst other things, the number of schools that were under statutory management at the time.
30. To date, 32 schools have applied to offer the allowance as part of their recruitment of a principal. Fourteen of the applications have been approved to advertise, with nine principals so far appointed. The remaining applications have been declined, withdrawn, cancelled, or a decision is pending.
31. I am confident that the projections will be achieved this year as more schools become familiar with the requirements.

### ***Teacher-Led Innovation Fund***

32. The Fund supports teams of teachers to develop innovative practices that improve learning outcomes, particularly for students who are Māori, Pasifika, have special education needs, and/or come from low socio-economic backgrounds.
33. The first funding round of the Fund has been completed. Out of 204 applications, forty research proposals were successful and are receiving funding of \$2.67 million over three years. The main research areas for round one include literacy, mathematics and the use of digital technology and e-learning. The second round of funding opened in November 2015 and closed in February 2016. Successful applicants will be announced in June 2016.
34. There is a rigorous, externally supported application assessment process and the criteria for selecting funded projects provide considerable opportunities to extend innovative practice from the Fund across Communities of Learning. This will drive excellence and improvement across the New Zealand education system. The evaluation process follows projects through to their conclusion with a focus on disseminating learning across the wider education sector.
35. This initiative is being well received by teachers and education academics as it provides opportunities for teachers to lead practical, student-focused inquiry based on research to raise student achievement. This ground-up approach, coupled with the scalability of projects, has led me to propose to extend the Fund for an additional two years.

### **Implementation support**

#### ***Professional Learning and Development***

36. Cabinet has previously decided on a new direction for Professional Learning and Development (PLD) [SOC-15-Min-0013 refers]. PLD is a key support for Investing in Educational Success implementation and, for 2016, a proportion of the PLD resource was reserved for Communities of Learning. PLD providers have geared up to build Communities of Learning capability during their establishment phase.
37. PLD support will be brokered by our regional Directors of Education and their teams working closely with Communities of Learning to ensure the best fit of knowledge and skills. Key needs identified include:
  - collaborative practices
  - change leadership
  - identifying and setting achievement challenges
  - developing detailed professional learning needs plans.
38. In addition, the Education Council will be offering specific leadership development for Communities of Learning leaders. This will be run out of the Leadership Hub, which I announced last year with a start up fund of \$250,000, starting in June 2016.

#### ***Expert partners***

39. In order to more rapidly and effectively establish Communities of Learning, their achievement challenges and associated plans, I propose to engage expert partners. The partners will effectively act as critical friends to strengthen evidence gathering

practices, critical data analysis skills, problem definition, and evidence-informed action planning. Their support will help to keep the Communities of Learning on track for developing robust and quality achievement challenges and associated plans that will accelerate student achievement. At the same time, expert partners will be able to provide external critique to Communities of Learning as they form and begin the detailed planning of how the achievement challenges are tackled. Expert partners will meet the needs of Communities of Learning as they first come on stream and support them through to a point where they then become self-sufficient.

40. Criteria are being developed for accrediting PLD experts and will be in place later in 2016. The pool of recognised people will grow to meet the demand from Communities of Learning. The support for each Community of Learning is estimated at up to 20 days per annum for up to two years, varying between Communities of Learning depending on their needs and maturity.

### ***Leadership***

41. In instances where a leader from within the schools in a community cannot be found it may be necessary to offer an alternative model of leadership that will require engaging outside expertise. The Ministry of Education will work with a Community of Learning to provide a highly effective leader for a fixed period to provide support in the early stages. This leader will mentor and coach existing leaders as well as leading the development of achievement challenges. The outside expertise will be withdrawn once a leader has emerged who is capable of sustaining effective collaboration and will deliver the high level plan to address achievement challenges.

### **Evaluation**

42. IES evaluation covers implementation (process evaluation) and outcomes over time (outcomes evaluation). Process evaluation provides ongoing input to the roll-out programme, enabling Communities of Learning to learn from the experience of early adopters. This work also informs implementation planning and how the Ministry can most effectively help Communities of Learning to operate effectively in their establishment phase.
43. Outcomes evaluation will assess the impact and effectiveness of IES over a longer period. The two elements run concurrently, but emphasis shifts over time from process to outcomes. Monitoring information has been built into the programme design to allow us to track the early implementation and progress against the achievement challenges and outcomes.
44. In 2016, the Ministry will commission external evaluation projects, including the development of measurement tools (e.g. mobilisation of effective teaching/leadership practice), and annual surveys for Communities of Learning boards, leaders, teacher roles, teaching staff, parents, family and whānau. Separate evaluations of the Teacher-Led Innovation Fund and the Principal Recruitment Allowance will also be commissioned this year to assess the impact and early findings from these two initiatives.
45. In the initial stages of Communities of Learning implementation, Education Review Office (ERO) school level reviews will provide complementary information. As part of its longer term evaluation programme, ERO is developing an overall strategy for the iterative evaluation of IES implementation. This will include examining the impact of IES initiatives at individual school and Community of Learning levels, as well as the evaluation of system levers and influences.

## **Supporting Communities of Learning – an enduring framework for the future**

46. The potential impact of Communities of Learning in creating system change cannot be overstated. By building the quality of teaching and leadership, freeing up our best teachers to address achievement challenges and creating collaborative practice throughout students' learning pathways, I see Communities of Learning as a key operational feature in the system to drive performance improvement and raise achievement.
47. I have asked the Ministry to identify how to further strengthen and support the Community of Learning framework and its impact on achievement. A key opportunity is in drawing on collaborative practices to delegate more functions and remove operational distractions that can prevent school leaders from focusing on learning and achievement.
48. Aggregating some operational services could also streamline existing services and generate economies of scale. Annex Four provides a conceptual model outlining potential services that could be 'bundled' at Communities of Learning level and potentially outsourced to third party providers. The model identifies school property, ICT, financial, human resource and business support, and social services as areas that could offer substantial cost and time savings.

### ***School property***

49. Property upgrades and ongoing maintenance have already been identified as an area where the Ministry can work with providers to offer a more streamlined package of services. The economies of scale that a Community of Learning can bring to bear has considerable potential.
50. Work has already begun on a trial with some clusters of schools, including a number of schools in a Community of Learning, to identify means of reducing demand on school time and maximise the purchasing power of 5 Year Agreement (5YA) funding. The trials seek to:
  - increase 5YA purchasing power by 15%
  - reduce Boards of Trustees' (including principals') time involved in project delivery by 50%
  - deliver clear, simple and informative project reporting that meets boards' needs.
51. The trial will inform the Ministry's future work with Communities of Learning that seeks to make improvements in their property management. In parallel, the Ministry is considering how best to manage large property upgrades for individual schools in the context of a Community of Learning. The existence of Communities of Learning could enable a different level of investment thinking for the best interests of children and young people across the learning pathway – not just at an individual school level.



### ***Information and communications technology (ICT)***

52. ICT has the potential to be used as a powerful tool in supporting students in their learning and teachers in their teaching. Many schools purchase and maintain their own ICT support; this can be a costly and time consuming process. Lifting ICT access and services to the level of a Community of Learning and having the same digital platform would enable sharing of student data and improve stability of learning approaches and information for parents, family and whānau. The broadband rollout to schools has now reached 90% of all schools and will be a key factor in supporting this.

### ***Financial, human resource and business support***

53. Services such as accounting, budgeting, payroll and human resources could be bundled together allowing Communities of Learning to choose from a range of options to best meet their needs.

### ***Social services***

54. A social investment approach to education requires the education system to put the needs of children and young people first, identify when a student is at risk of educational underachievement, and effectively respond to those challenges. It also requires a seamless and well-aligned set of social services that are able to support education providers to respond to those challenges.
55. A range of social services are available to support children, young people, and their parents, families and whānau. Services include Police, Child, Youth and Family, social workers, attendance services, school nurses and community liaison officers, and iwi providers.
56. Principals have indicated that these services provide important and valuable support, but that finding the right people within different agencies and service providers to help a student or their parents, family and whānau can be time-consuming and keep a student away from learning and a teacher away from teaching. Streamlining this engagement, brokerage and service delivery could provide considerable advantages for meeting children's needs earlier and more effectively, and allowing teachers to focus on teaching. Whānau ora may provide one example of a possible third party provider to manage a bundled set of services.
57. Principals are already significant users of the Hubs that the Minister for Social Development has set up as a way to connect to key social services. This kind of connection needs to be more broadly available.

### ***Bundled packages – next steps***

58. Accessing bundled packages of services would be voluntary for Communities of Learning and they would choose how to take advantage of this opportunity. To progress this model, the Ministry would be pursuing two options:
- supporting Communities of Learning to centralise administrative services into one or more member schools
  - Communities of Learning being able to select support from a Ministry compiled 'menu' of bundled services.

59. I seek your agreement to repurpose a maximum of \$5 million of the unspent IES contingency funding over the next three financial years to investigate and develop packages to be trialled in Communities of Learning. This would not extend into outyear funding. Communities of Learning, via individual schools, will pay for any bundled services they choose to adopt.

## Financial implications

60. In Budget 2014, an operating contingency of \$359.246 million over four years (2014/15 – 2017/18) was established for IES [CAB Min (14) 1/14 refers]
61. In May 2014, following the publication of the final report of the education sector working group, Cabinet approved changes to the initial policy design and funding to implement the key accountability and appointment elements [SOC Min (14) 10/3 refers].
62. In December 2014, Cabinet approved sufficient funding to support the establishment of Communities of Learning in 2015/16 (and their outyear costs), the take-up of the Principal Recruitment Allowance in 2015/16 (and outyear costs), and agreed a new spending profile for the Teacher-Led Innovation Fund [SOC Min (14) 18/6 refers].
63. The situation, as at December 2014, in the Investing in Educational Success operating contingency, is summarised below:

<b>Investing in Educational Success</b> All figures \$million	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19 &amp; Outyears</b>	<b>4 year total (14/15- 17/18)</b>
Initial contingency balance [CAB Min (14) 1/14]	5.513	74.637	124.265	154.831	154.831	359.246
Transfer balances [SOC Min (14) 18/6]	(0.968)		0.484	0.484		
Less accountability elements [SOC Min (14) 10/3]	(0.762)	(1.011)	(1.643)	(1.976)	(1.976)	(5.392)
Less drawdown, re-profiling and transfers of contingency [SOC Min (14) 18/6]	(3.783)	(46.815)	(81.504)	(81.504)	(77.504)	(213.606)
<b>Total remaining</b>	<b>-</b>	<b>26.811</b>	<b>41.602</b>	<b>71.835</b>	<b>75.351</b>	<b>140.248</b>

64. At the beginning of IES implementation, re-phasing of the operating contingency for the establishment of new roles in Communities of Learning was anticipated should agreement with teacher unions take an extended period. In addition, initial estimates of approximately three to six months between the establishment of Communities of Learning and take-up of new roles was built into the initial drawdown against the operating contingency in December 2014.
65. Expenditure against the 2015/16 budget has not kept pace with these assumptions. A year end outturn of around \$12 million is expected.
66. To match the pace of roll-out and reflect the latest estimates of how Community of Learning implementation develops, changes are required to appropriations:
  - an additional \$500,000 per annum over the next three years to support schools with expert advice from the New Appointments National Panel (established in 2014 to ensure recruitment to IES funded roles meet national criteria). The

original budget is insufficient for the number of applications over the initial implementation period – this cost will be managed through the reallocation of 2015/16 IES baselines; and

- re-phasing current appropriations for Primary Education and Secondary Education as a particular consequence of the negotiations with the education sector unions and extended timelines for negotiating and endorsing achievement challenges – any excess appropriation in 2015/16 and 2016/17 will be transferred to subsequent years.
67. The average number of schools in a Community of Learning is currently eight compared to the original assumption of ten. If this trend continues, more than 250 Communities of Learning may apply to form which will result in increased costs in outyears. There are a maximum number of across school and within school teacher positions available on a national basis, however, each Community of Learning can appoint a leader regardless of its size, and these positions carry the highest cost.
  68. The pace and extent of voluntary take up of Communities of Learning is unpredictable, however, we remain on track to approach full implementation towards the end of 2017. To ensure that the initiative is able to reach full implementation and remain close to its operating budget in out-years, expenditure forecasts have been modelled using the current average teacher turnover rate of 4 per cent per annum.
  69. I propose a new approach to ensure that Communities of Learning have the capability to establish at a faster rate.
  70. I will enable Communities of Learning to appoint their leader on establishment rather than after the endorsement of achievement challenges. The Community of Learning will benefit from having leadership of this process improving timeliness and effectiveness. This will release Community of Learning leadership resources earlier in the process and will accelerate implementation.
  71. I propose to extend the Teacher-Led Innovation Fund by two years (until June 2020) so that more teams of teachers can develop innovative practices that improve learning outcomes - especially for students who are Māori, Pasifika, have special education needs, and/or come from low socio-economic backgrounds. The innovative proposals to raise student achievement that have been agreed so far show great promise and I intend to invest another \$8 million, taking the total invested to \$18 million over five years.
  72. I intend to provide expert partners funded by the Ministry, to work alongside Communities of Learning. Expert partners will predominantly be drawn from academic institutions and, initially, there will be a small pool of available expertise. I intend to fund this additional resource from the IES contingency budget, and it is expected to cost \$21.8 million over a four year period and will not extend into out-years.
  73. To provide the opportunity to engage additional leadership capability for Communities of Learning in their early stages (in situations where the Community of Learning has been unable to appoint locally), I am seeking \$4 million over four years – 2016/17 to 2019/20 - from within the existing IES contingency. This initiative will not extend into out-years.

## **Reporting**

- 74. I plan to report back to Cabinet in the second half of 2016 on further implementation progress. At that time, I will have more robust information on which to base future projections of Communities of Learning numbers and accelerated implementation.
- 75. I will also report back on progress on the work I have asked the Ministry to undertake to engage with Communities of Learning and develop support packages to streamline operational functions.

## **Conclusion**

- 76. The implementation of IES is progressing positively and will continue to occur at pace now that there is broad sector support. However, there are some changes required to the financial arrangements originally put in place.
- 77. Critical work has continued on the development of the Community of Learning framework, with the next set of opportunities being the bundling or aggregation at Community of Learning level of a set of operational functions that currently occur at the school level. This will generate economies of scale and allow access to higher levels of expertise, thereby improving the overall management of schools.
- 78. Over time, I see the ability for Communities of Learning to make decisions about the shape of education that best meets the needs of their children and young people over the entire pathway of their education. This could extend to making better investment decisions to improve educational outcomes and efficiency.
- 79. IES is a critical part of my plan to strengthen the education system. Its delivery, supported by the update of the Education Act 1989 and the review of the funding systems, will ensure a stronger focus on children and young people's achievement, and better supported pathways through the education system.

## **Legislative implications**

- 80. This paper does not give rise to any specific legislative implications at this stage.

## **Regulatory impact**

- 81. This paper does not give rise to any regulatory impact.

## **Gender and disability implications**

- 82. There are no gender or disability implications arising from this paper.

## **Consultation**

- 83. The Treasury has been consulted throughout the development of this paper. The Department of Prime Minister and Cabinet, the State Services Commission and the Education Review Office have been informed of this paper.

## Publicity

84. I intend to proactively release this paper.

## Recommendations

85. I recommend that Cabinet Social Policy Committee:

1. **note** that, since October 2015, considerable progress has been made in the implementation of Investing in Educational Success (IES), including:
  - i. exceeding the projection of 580 schools in established Communities of Learning (Communities of Learning) by the end of 2015. There are 96 established Communities of Learning encompassing every education region, with 789 schools and over 250,000 students – one third of the student population
  - ii. being on track to reach 126 approved Communities of Learning by June 2016
  - iii. twenty-eight schools having applied to offer the Principal Recruitment Allowance as part of their recruitment of a principal – so far 14 applications have been approved to advertise, with nine principals now appointed
  - iv. completing the first round of the Teacher-Led Innovation Fund. Forty research proposals will receive funding totalling \$2.670 million over three years to undertake research into innovative teaching practice. The second round of funding opportunities closed in February 2016, and successful applicants will be announced in June 2016
2. **note** that the final part of attaining broad sector support was achieved in October 2015 through a settlement with the New Zealand Educational Institute (NZEI)
3. **note** that we have made significant progress on developing the operational model for Investing in Educational Success
4. **note** that Communities of Learning are a key operational feature in the system to drive performance and raise achievement
5. **note** that the proposed repurpose of the underspend to Communities of Learning will build efficiencies, create more space for school principals to focus on leading teaching and learning, and firmly embed Communities of Learning in our education system
6. **note** that, in January 2014, Cabinet established a contingency of \$359.246 million over four years in Budget 2014 for Investing in Educational Success [CAB Min (14) 1/14]
7. **note** that drawdowns against this contingency have previously been approved to fund the accountability elements of the package [SOC Min (14) 10/3] and new leadership and teacher roles in communities of learning [SOC Min (14) 18/6]

8. **note** that the current balance of the IES contingency is as follows:

<b>Investing in Educational Success Contingency</b> (all figures \$ million)	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19&amp; outyears</b>	<b>4 Year Total</b>
Initial contingency balance [CAB Min (14) 1/14]	5.513	74.637	124.265	154.831	154.831	359.246
Transfer	(0.968)	-	0.484	0.484	-	-
Less Accountability elements [SOC Min (14) 10/3]	(0.762)	(1.011)	(1.643)	(1.976)	(1.976)	(5.392)
Less first tranche draw downs [SOC Min (14) 18/6]	(3.783)	(46.815)	(81.504)	(81.504)	(77.504)	(213.606)
<b>Total remaining</b>	<b>-</b>	<b>26.811</b>	<b>41.602</b>	<b>71.835</b>	<b>75.351</b>	<b>140.248</b>

9. **note** that there is expected to be an under spend of at least \$35.554 million against the \$47.826 million appropriated in 2015/16 above

**Expert partners**

10. **agree** to the provision of expert partners to work alongside Communities of Learning leadership and to support and guide Communities of Learning in developing achievement challenges and associated action plans as part of the implementation of IES, funded from the under spends in recommendation 9 above
11. **approve** the following changes to the appropriations to give effect to the implementation change in recommendation 10 above, with no impact on the operating balance:

<b>Vote Education Minister of Education</b>	<b>\$ million – increase/(decrease)</b>					<b>2020/21 &amp; Outyears</b>
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	
Multi-Category Expenses and Capital Expenditure: Improved Quality Teaching and Learning MCA Departmental Output Expense: Support and Resources for Teachers (funded by revenue Crown)	-	5.400	8.000	6.400	2.000	-
Non-departmental Other Expenses:						
Primary Education	(13.794)	-	-	-	-	-
Secondary Education	(8.006)	-	-	-	-	-
<b>Total Operating</b>	<b>(21.800)</b>	<b>5.400</b>	<b>8.000</b>	<b>6.400</b>	<b>2.000</b>	<b>-</b>

**Additional accountability elements**

12. **agree** to extend the work of the New Appointments National Panel to keep pace with momentum during the implementation period for IES, funded from the under spends in recommendation 9 above
13. **approve** the following changes to the appropriations to give effect to decision in recommendation 12 above, with no impact on the operating balance

	\$ million – increase/(decrease)					
<b>Vote Education Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Multi-Category Expenses and Capital Expenditure: Improved Quality Teaching and Learning MCA Departmental Output Expense: Support and Resources for Teachers (funded by revenue Crown)	-	0.500	0.500	0.500	-	-
Non-departmental Other Expenses:						
Primary Education	(0.949)	-	-	-	-	-
Secondary Education	(0.551)	-	-	-	-	-
<b>Total Operating</b>	<b>(1.500)</b>	<b>0.500</b>	<b>0.500</b>	<b>0.500</b>	<b>-</b>	<b>-</b>

**Re-phasing the balance of the 2015/16 under spend**

14. **approve** the following changes to the appropriations to re-phase the balance of the under spend identified in recommendation 9, with no impact on the operating balance:

	\$ million – increase/(decrease)					
<b>Vote Education Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Non-departmental Other Expenses:						
Primary Education	(7.753)	7.753	-	-	-	-
Secondary Education	(4.501)	3.262	1.239	-	-	-
<b>Total Operating</b>	<b>(12.254)</b>	<b>11.015</b>	<b>1.239</b>	<b>-</b>	<b>-</b>	<b>-</b>



15. **note** the impact of the re-phasing of the under spend from 2015/16 and provision for expert partners and additional accountability elements are detailed below:

<b>Investing in Educational Success</b> (all figures \$ million)	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Current IES appropriations	47.826	83.147	83.480	79.480	79.480	79.480
Reallocation of 2015/16 surplus funds						
• Provision for expert partners	(21.800)	5.400	8.000	6.400	2.000	-
• Expanding appointments panel	(1.500)	0.500	0.500	0.500	-	-
• Re-phasing of the balance	(12.254)	11.015	1.239	-	-	-
<b>Adjusted IES appropriations</b>	<b>12.272</b>	<b>100.062</b>	<b>93.219</b>	<b>86.380</b>	<b>81.480</b>	<b>79.480</b>

***Teacher-led Innovation Fund***

16. **agree** to increase the total funding for the Teacher-Led Innovation Fund multi-year appropriation from \$10 million to \$18 million and extend the period of the multi-year appropriation to between 2015/16 to 2019/20, to be funded from the IES contingency
17. **approve** the following changes to the appropriations to give effect to the policy decision in recommendation 16 above, with a corresponding impact on the operating balance:

	<b>\$ million – increase/(decrease)</b>					
<b>Vote Education</b> <b>Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Non-departmental Output Expense: Teacher-Led Innovation Fund			8.000			-

18. **note** that the indicative spending profile for the increase to the multi-year appropriation described in recommendation 17 above is:

	<b>\$m – increase/(decrease)</b>					
<b>Updated indicative annual spending profile</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Teacher-Led Innovation Fund	-	-	-	4.000	4.000	-

***Bundled support packages for Communities of Learning***

19. **agree** to fund the development of bundled support packages for Communities of Learning as part of the implementation of IES, to be funded from the IES contingency

20. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 19 above, with a corresponding impact on the operating balance:

	\$ million – increase/(decrease)					
<b>Vote Education Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Multi-Category Expenses and Capital Expenditure: Improved Quality Teaching and Learning MCA Departmental Output Expense: Support and Resources for Teachers (funded by revenue Crown)	-	2.000	2.000	1.000	-	-

***Alternative leadership model***

21. **agree** to provide funding to allow for an alternative leadership model where required, to be funded from the IES contingency
22. **approve** the following changes to the appropriations to give effect to the policy decision in recommendation 21 above, with a corresponding impact on the operating balance:

	\$ million – increase/(decrease)					
<b>Vote Education Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
Non-Departmental Other Expenses:						
Primary Education	-	0.633	0.633	0.633	0.633	-
Secondary Education	-	0.367	0.367	0.367	0.367	-
<b>Total operating</b>	<b>-</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>-</b>

***Estimated cost of Investing in Educational Success***

23. **note** that the latest expenditure forecasts for IES, including the new funding recommendations 11, 13, 14, 17, 20 and 22 above that I have sought your approval to implement, are as follows:

<b>Investing in Educational Success</b> (all figures \$ million)	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
IES Communities of Learning estimated expenditure	9.261	89.283	144.715	152.279	153.830	152.855
Teacher-led innovation fund	2.000	4.000	4.000	4.000	4.000	-
Accountability elements	1.011	2.143	2.476	2.476	1.976	1.976
Expert partners	-	5.400	8.000	6.400	2.000	-
Bundled packages seed funding	-	2.000	2.000	1.000	-	-
Alternative Leadership	-	1.000	1.000	1.000	1.000	-
<b>Total expenditure</b>	<b>12.272</b>	<b>103.826</b>	<b>162.191</b>	<b>167.155</b>	<b>162.806</b>	<b>154.831</b>

24. **note** that these latest forecasts for IES assume, in particular, a slightly lower than expected average number of schools in a Community, quicker endorsement of achievement challenges, provision of additional support to Communities of Learning during their initial stages, and that all state and state-integrated schools will become members of a Community
25. **approve** the following changes to appropriations to meet the revised cost profile for implementation of IES, to be funded from the IES contingency, with a corresponding impact on the operating balance:

	<b>\$ million – increase/(decrease)</b>					
<b>Vote Education Minister of Education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; Outyears</b>
<b>Non-Departmental Other Expenses:</b>						
Primary Education	-	0.764	43.591	48.377	49.359	48.716
Secondary Education	-	-	22.381	26.398	26.967	26.635
<b>Total operating</b>	<b>-</b>	<b>0.764</b>	<b>65.972</b>	<b>74.775</b>	<b>76.326</b>	<b>75.351</b>

26. **note** the impacts of the additional expenditure above on the tagged operating contingency for IES are detailed below:

<b>Investing in Educational Success</b> (all figures \$ million)	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21&amp; Outyears</b>
Adjusted IES appropriations (see rec 15 above)	12.272	100.062	93.219	86.380	81.480	79.480
Estimated expenditure (for details see rec 23 above)	(12.272)	103.826	162.191	167.155	162.806	154.831
<b>Estimated deficit to be funded from contingency</b>	-	(3.764)	(68.972)	(80.775)	(81.326)	(75.351)

27. **agree** that the changes to appropriations in recommendations 17, 20, 22 and 26 above will be charged to the tagged operating contingency IES as follows:

<b>Investing in Educational Success</b> (all figures \$ million)	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21&amp; Outyears</b>
Remaining contingency	26.811	41.602	71.835	75.351	75.351	75.351
Rephase 2015/16 contingency	(26.811)	-	15.412	5.424	5.975	-
Additional appropriations for IES	-	(3.764)	(68.972)	(80.775)	(81.326)	(75.351)
<b>Balance of contingency</b>	-	<b>37.838</b>	<b>18.275</b>	-	-	-

28. **note** that \$56.113 million remains within the tagged IES contingency
29. **agree** that the expiry date for the remaining tagged IES contingency be extended to 30 June 2017
30. **agree** that the changes to appropriations for 2015/16 in recommendations 11, 13, 14 and 17 above be included in the 2015/16 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
31. **agree** to delegate to the Minister of Finance and Minister of Education jointly authority to amend Vote Education baselines as necessary over the period 2015/16 to 2019/20 to reflect changes in the implementation of IES, provided the total cost over that period and for outyears is unchanged
32. **note** that the Minister of Education will continue to report to joint Ministers (Prime Minister, Minister of Finance, Minister for Tertiary Education, Skills and Employment, and the Minister of State Services) on implementation and achievement progress either six-monthly or as necessary [SOC Min (14) 18/6]

33. **agree** that the reports to joint Ministers will include the impact of average Community of Learning size on forecast expenditure and, if necessary, how this will be managed
34. **note** that I will report back to Cabinet in the second half of 2016 with a further update on implementation progress.

Hon Hekia Parata  
Minister of Education

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