



## Education Report: Draft Cabinet Paper on Wellbeing, Equity and the Future Direction of the Funding Review

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	20 April 2018	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1121458
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	Yes / No <span style="border: 1px solid black; padding: 2px;">s 9(2)(a) OIA</span>

### Purpose of Report

This paper is to **confirm your decisions** at the Funding Review strategy session on 11 April 2018, which include:

- the future of each component of the previous government's Funding Review
- commencing work on system-wide settings and resourcing for equity
- postponing a potential replacement of the decile system
- updating deciles for schooling and ECE post-Census, to take effect in 2020.

A **draft Cabinet paper** is also attached for your **consideration and comment by 30 April 2018** so it can be considered by Cabinet Social Wellbeing Committee by 9 May 2018.

### Recommended Actions

The Ministry of Education recommends you:

- a. **indicate** if this report accurately reflects your Funding Review Strategy Session decisions

**Agree / Disagree**

- b. **consider and provide comment** on the attached Cabinet paper

**Agree / Disagree**

- c. **agree** that this Education Report and Cabinet Paper are not proactively released at this time because the issues considered are the subject to future Cabinet decisions and subsequent announcements.

**Agree / Disagree**

Damian Edwards  
**Associate Deputy Secretary**  
**Education System Policy**

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Hon Chris Hipkins  
**Minister of Education**

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## Background

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1. On 11 April 2018, we met with you and Hon Tracey Martin for a strategy session on the Funding Review. You requested that we:
  - develop a report setting out the decisions made during that session
  - draft a Cabinet paper setting out the future focus of work on equity, making consequential changes to previous government decisions, and seeking agreement for announcements.

## Future of each component of the previous government's new funding model

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2. You agreed that we discontinue exploration of the previous government's funding model as a whole and made the following decisions on the future direction of each component:

Component	Future direction
Per-child funding amount in schooling	Make incremental improvements to funding formulas as opportunities arise
Per-child funding amount in early childhood education	Will be considered in light of the finalised Early Childhood Strategic Plan
Targeted additional achievement allocation (replacing the decile system) in schooling and early childhood education	Will not proceed as announced by the previous government. The work will move away from a narrow focus on funding and replacing deciles. It will be reframed as a programme of work to improve equity and support wellbeing (discussed in detail below)
Learning support allocation in schooling	Progress through the above-mentioned programme of work to improve resourcing for equity
Supplementary funding for smallness in schooling	Make incremental improvements to funding formulas as opportunities arise
Supplementary funding for isolation in schooling and early childhood education	Update and improve after the results of the Census become available late this year
Separate funding in schooling for property maintenance and vandalism with minimum maintenance requirements	Progress as part of the Comprehensive Reform of School Property
Funding for heat, light and water based on actual spend in schooling	Progress as part of the Comprehensive Reform of School Property
Private school per-child subsidy set at a fixed proportion of the per-child funding amount	Will not continue given that the per-child component itself is not progressing, and that this would be incompatible with a freeze on the private school funding pool

## System-wide work on equity

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### **Using insights into disadvantage across the Education Work Programme**

3. The index gives valuable insights into the impact of disadvantage across early childhood and schooling, including the impact of higher concentrations of disadvantage on all children in a school (from both disadvantaged and other backgrounds), and changes in schools' levels of disadvantage over time.
4. You agreed that these insights should inform work across the components of the Education Work Programme so they can be shaped to better tackle the impact of disadvantage. This includes sharing these insights with relevant advisory groups (the Independent Review of Tomorrow's Schools, and the Ministerial Advisory Group for the Early Learning Strategic Plan in particular).

### **System-wide work on resourcing for equity**

5. In addition to the improvements that can be made throughout the Work Programme, work on resourcing is also necessary to improve equity. You agreed to a programme of work to improve system settings and targeting of resources for equity, in particular for students from disadvantaged backgrounds and/or with learning support needs. The resourcing component within the Learning Support Action Plan will also be covered by this work.
6. This work could, for example, include how the index can be applied to the allocation of PLD, teacher aides, and the targeting of interventions.

### **Further refinement to know relationship between disadvantage and wellbeing**

7. We also discussed researching possibilities to further refine the index so that it can identify the impact of disadvantage on wellbeing in a broader sense (instead of just NCEA achievements as at present). Possible refinements could, for example, include students' life trajectories after secondary school.

### **Potential replacement of decile system in the long run**

8. You agreed to postpone a possible replacement of the decile system until the work programme discussed above reveals more about how wider system settings should address equity, as well as the implications for the quantum of resourcing required and how schools should receive this resourcing. Using the index to replace decile now is likely to distract from the wider insights into disadvantage that it gives and the system-wide application of these insights.

## **Recalibration of deciles as scheduled for 2020 in the short run**

10. You agreed to recalculate deciles in schooling and the equity index in ECE based on this year's Census. Work on the recalculation of decile can commence once the Census data is available (likely in November this year). The new deciles and equity index ratings would take effect in 2020. There will be distributional consequences for schools similar to those of the last update. The distributional consequences will be larger in ECE where the index has not been updated since 2006.

## **Implications for decisions taken by the previous government**

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### **ECE per-child**

11. On 20 March 2017, Cabinet agreed in-principle to move away from a place-based funding system for Early Childhood Education and ngā kōhanga reo to a per-child funding system. Cabinet chose not to announce this decision before the 2017 election. The in-principle decision was not formally confirmed and the conditions that the decision was subject to were not specified.
12. This decision does not need to be rescinded as it was "in-principle" and can be considered in light of the Early Childhood Strategic Plan.

### **Property maintenance, vandalism, heat/light/water**

13. On 20 March 2017, Cabinet agreed in-principle to move to a set of minimum requirements for property maintenance and vandalism, to be determined by the Ministry in consultation with the sector, as well as phased implementation of heat, light and water funding based on actual spend [CAB-17-MIN-0110 refers].
14. These decisions do not need to be rescinded as they can be considered through the Comprehensive Reform of School Property.

### **Decile replacement**

15. On 26 June 2017, Cabinet agreed to replace the decile system for Early Childhood Education services and ngā kōhanga reo and schools with a predictive risk index that would estimate the number of children in each service or school who are at greater risk of educational underachievement due to disadvantage. It also agreed in-principle that no school or service would lose funding as a direct result of the replacement of the decile system [CAB-17-MIN-0311.01 refers].
16. Cabinet will need to rescind these decisions.

## **Immediate next steps: Cabinet decisions and announcements**

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17. Attached is a draft Cabinet paper for your consideration. It outlines your future direction of each component of the Funding Review and the system-wide work on equity. It also seeks to rescind the previous government's decisions to replace the decile system and agreement that you announce these decisions.

## **Announcements**

18. You have signalled publicly that you would announce a decision on whether and if so how the Government wishes to proceed with the Funding Review, including replacing the decile system at or before the 2018 Budget.
19. To meet this timeframe, this Cabinet paper will need to be considered by Cabinet Social Wellbeing Committee on 9 May.

## **Proactive Release**

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20. We recommend that this Education Report is not released at this time because the issues that it considers are the subject to future Cabinet decisions and subsequent announcements.

## **Annexes**

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Annex 1: Draft Cabinet Paper