



Briefing Note: Funding Review – Proposed New Direction

Addressee:	Hon Chris Hipkins, Minister of Education		
Security Level:	In confidence	Date:	4 May 2018
Priority:		Metis#:	1123993
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Summary

- You are taking this paper to the Cabinet Social Wellbeing Committee.
- It describes how you intend to take forward the funding review. In particular, how the index developed for the allocation of funding for socio-economic disadvantage will be used to support a wider focus on equity, and potentially on wellbeing, in future.
- You are seeking agreement to rescind the previous Government's decisions on replacing the decile system and that you announce the proposed refocusing of the funding review at or before the Budget.
- The previous Government had not appropriated new funding to support the implementation of these decisions.
- You have directed the Ministry to proceed with recalculating deciles in schooling and ECE services once the results of this year's Census become available, with changes to take effect in 2020. The costs will be sought through Budget 2019.
- There may be some costs associated with some of the other components. These costs will not been known until work is further advanced and any funding required will be sought in future Budgets.
- The Ministry intends to work with other agencies as it scopes the proposed new work on equity and on other components.

Damian Edwards
Associate Deputy Secretary, Education System Policy
Ministry of Education



Background

1. You are taking this paper to the Cabinet Social Wellbeing Committee.
2. It describes how you intend to take forward components of the funding review.
3. Comments from other agencies have focused on the future financial implications and ensuring the Ministry works with them and keeps them informed as work develops.

Talking Points

4. My education work programme aims for a high quality, fair, and inclusive education system. Addressing the impact of socio-economic disadvantage on children's outcomes is critical.
5. The previous Government was exploring a funding model that included funding for children at risk of educational underachievement due to disadvantage
6. It announced the decile funding system would be replaced but had not worked through the detail or appropriated new funding to support implementation.
7. I seek Cabinet's agreement to rescind the decisions to replace the decile system, which was a major unfunded promise by the previous Government.
8. I propose to refocus the work on disadvantage to take a wider focus on equity. The index developed as part of that work provides valuable insights into the impact of disadvantage across services and schools.
9. I want to take the index beyond a narrow use for allocation of a small portion of funding to support the development of improvements at an education system level and improvements in how resources are applied and interventions triggered.
10. While I propose we do not proceed with the replacement of decile funding in line with the previous Government's timeframe, I intend to revisit this in light of what this refocused work on equity reveals.
11. I will proceed with recalculating deciles in schooling and the equity index in services to take effect in 2020. I will seek funding through Budget 2019 for the associated costs
12. We also need to take decisions on the other components of the funding model. I propose some are discontinued and others progressed through my work programme or incrementally as opportunities arise.
13. I am seeking your agreement that I announce these decisions at or before the Budget.