

The Treasury

Schooling and Youth Achievement Advice 2012/13 Information Release

October 2013

Release Document

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Information Being Released

OIA 20130305

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Treasury Report: Education Policy Priorities

Date:	3 July 2012	Report No:	T2012/1334
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Read prior to meeting with officials on 4 July 2012 Discuss the scope and scale of the change agenda with the Minister of Education	Wednesday 4 July 2012

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Audrey Sonerson	Acting Manager, Education & Skills and Labour Market & Welfare	917 6137 (wk)	<i>Withheld under s9(2)(a)</i> ✓
Rohan Biggs	Senior Analyst	917 6892 (wk)	

Minister of Finance's Office Actions (if required)

None.

Enclosure: No

3 July 2012

SH-4-5-9

Treasury Report: Education Policy Priorities

Purpose of Report

1. The Minister of Education has an ambitious agenda for change in the schooling sector
Withheld under s9(2)(g)(i)
This report provides you some details on the scope of the Minister of Education's desired work programme and our view on how this could be scaled back.
2. We recommend that you discuss with the Minister of Education the sequencing of proposed changes, focusing on communicating the "crucial few" major changes. It may also be possible to advance broader changes with well focused incremental amendments to current settings.

Analysis

We know the 'problems' in the schooling sector and we have a clear student achievement target to focus on...

3. The Ministry has articulated the key 'problems' in the schooling system in the Medium Term Strategy for Primary and Secondary Education. The Medium Term Strategy (MTS) has the following headings under which relevant levers for change are identified:
 - Effective teaching
 - 21st Century Learning Environments
 - Data and Knowledge sharing
 - Accountability
4. The headings indicate high level directions, and the possible areas for action but not the detail of what, how and when change will occur.
5. In addition, the Government has created a Better Public Services (BPS) target for schooling that focuses Ministers, agencies and the sector on performance achievement.¹ This target is supported by a Results Action Plan (RAP) which identifies high level actions at the system, region and individual school level. The Government's intention is that the RAP will be released publically in the near future.
6. Between the MTS and the BPS target, there is a reasonably shared understanding and articulation of problems and objectives and the broad scope of the work that is needed to improve student achievement.

¹ The target is for 85% of 18 year olds achieving NCEA Level 2 or equivalent within 5 years.

... but we don't know how to prioritise and sequence action over the next two years.

7. *Withheld under s9(2)(g)(i)*
8. The Minister of Education has shown a desire to use all or most of the levers identified in the MTS and to advance work across a wide spectrum concurrently. We understand that the Minister is expecting a Ministry work programme that includes for example:
- Review of governance arrangements
 - Review of funding arrangements
 - *Withheld under s9(2)(f)(iv) and s9(2)(g)(i)*
 - Christchurch rebuild
 - *Withheld under s9(2)(f)(iv) and s9(2)(g)(i)*
 - Review of the Correspondence School
 - *Withheld under s9(2)(f)(iv) and s9(2)(g)(i)*
 - Take forward the actions identified in the Better Public Services Results Action Plans for NCEA 2 and NZQF Level 4 targets
 - *Withheld under s9(2)(f)(iv) and s9(2)(g)(i)*

Withheld under s9(2)(g)(i)

... overseas experience and change management literature implies focusing on a positively framed crucial few...

11. *Withheld under s9(2)(g)(i)* communicating change across a broad front is difficult. Overseas experience in education reform suggests focusing on communicating a positively framed “crucial few” at any one time, while making smaller incremental changes in a less high profile manner across a range of fronts. For example, while change could be led with a ‘quality teaching’ key message, incremental improvements to accountability could be advanced in a lower profile less resource intensive manner.

... so Treasury is trying to help organise and scale the work programme.

12. Treasury has been asked by the Secretary of Education to work with Ministry staff to help plan the work programme for the next two years.

Withheld under s9(2)(g)(i)

Over time, incremental change can have a big impact across the system...

13. Communicating the “crucial few” does not mean slowing progress across the spectrum of change opportunities, but it does mean approaching change differently. By way of example, raising the quality of students entering initial teacher education (ITE) could be advanced by high profile change such as moving to a post-graduate qualification (current proposal). However, a lower profile approach would be to gradually reduce the number of ITE places funded by the Tertiary Education Commission. The latter could be pursued in the short-term, and the former progressed over a longer timeframe if still deemed necessary.
14. In addition, Charter schools provide a ready-made testing ground for negotiating fair and reasonable measures of schools’ ‘value add’ to support contracting in the near term. This work could also provide the tools to improve accountability measures across the whole system in the longer term. If parents can see what is technically possible regarding measuring performance, they could demand such measurement across the system.
15. Other examples of this approach which have already been implemented include moving to quarterly roll counts for secondary school funding (to provide incentives for retention), allowing schools to ‘cash up’ unused staffing entitlements (a move towards greater Principal budget holding) and providing financial incentives to compete for students using the Youth Guarantee. All of these have been achieved without “reviewing school funding arrangements” and are changing the behaviours of schools.

... while the Government can focus on communicating a positively framed crucial few.

16. As a means of communicating change, “supporting quality teaching” and “measuring performance to focus support” could be unifying themes. Within these themes it would be possible to advance a limited number of changes that could be implemented and announcable within the next two years. Both of these themes are consistent with an unrelenting focus on student achievement implied by the BPS target for NCEA Level 2.
17. The Minister of Education’s *Cross-Sector Forum on Raising Student Achievement* could be used as a means to socialise and promulgate the positively framed themes. More harder-edged changes could be pursued in parallel, incrementally and without significant profile (for example, those to do with accountability and information transparency).
18. The following table outlines examples of what announcable changes could be pursued under the different headings, as well as more incremental changes. We have developed this advice rapidly to illustrate the point – as such the table does not represent definitive advice on what we think the priorities and actions should be. Annex 1 provides some more detail of what a ‘supporting quality teaching’ agenda could include.

Supporting quality teaching	Measuring performance to focus support	Lower profile incremental change
Improving teacher and principal appraisal – support to up-skill and putting student achievement at the heart of the process.	Supporting teachers to make National Standards judgements (a prototype tool has been developed and ready for implementation in 2014)	<i>Withheld under s9(2)(f)(iv)</i>
Pre-principalship qualification – providing support for aspiring leaders	Re-focusing professional development on interventions that work (possibly by contracting at the school level, partially on an outcomes basis)	ERO assess school appraisal systems as part of reporting cycle
		Reduce funded ITE places
		Change to MoE risk criteria to make student performance the key reason for intervention.

19. In addition to these types of changes, there are other ‘announcables’ associated with the opening of the first Charter school, and the publishing of secondary school performance information which have both been widely signalled and advanced.
20. By implication there are a number of things on the Minister of Education’s list of policy projects to pursue that we recommend ceasing or not starting. These include a number of the proposed reviews, for example:
 - Review of governance arrangements
 - Review of funding arrangements
 - Review of the Education Act
21. We agree that all of these reviews could yield benefits, but that is a low threshold for pursuing change. We do not think any of them would yield sufficient benefits to prioritise in the next two years.

Next steps

22. As indicated, the Treasury is working with the Ministry to help the Secretary of Education develop a two year work programme. We think this is to advance the Cabinet noting recommendation “that the Minister intends to develop a draft education plan and will bring a paper to Cabinet in July 2012 with details of the draft plan, and a companion community engagement Strategy” [CAB Min (12) 20/9 refers].
23. *Withheld under s9(2)(g)(i)*

Recommendations

We recommend that you have a conversation with the Minister of Education in which you:

- a **note** her wide agenda for change that accurately identifies issues in the system, and
- b **proposes** picking a few big changes to communicate and lead with *Withheld under s9(2)(g)(i)* *Withheld under s9(2)(g)(i)* while advancing broader change through less overt but still effective means.

Audrey Sonerson
Acting Manager, Education & Skills and Labour Market & Welfare

Hon Bill English
Minister of Finance

Annex 1 – example of a staged approach to supporting quality teaching

When	July 2012	During 2013			
What	<p style="text-align: center;">Withheld under s9(2)(f)(iv)</p>	<p>Require ERO reviews to have a stronger appraisal evaluation element to school reviews; and</p> <p>Add function to ERO regarding moderation of appraisal systems, processes and practices in schools (ad hoc or planned moderation)</p> <p style="text-align: center;">Withheld under s9(2)(f)(iv)</p>	<p style="text-align: center;">Withheld under s9(2)(f)(iv)</p>	<p>Build into principal (and other school leaders) appraisal the requirement for strong appraisal processes within schools; and</p> <p style="text-align: center;">Withheld under s9(2)(f)(iv)</p>	<p style="text-align: center;">Withheld under s9(2)(f)(iv)</p>

Why

Withheld under s9(2)(i)(iv)



Reference: T2012/2413

Date: 24 September 2012

To: Minister of Finance
(Hon Bill English)

Aide Memoire: Update on Review of School Governance

We understand that you will be meeting with the ACT Party leadership on Tuesday 25 September, and that the Associate Minister of Education (Hon John Banks) may ask about the status of the review of school governance agreed to in the ACT/National Confidence and Supply agreement. This Aide Memoire provides you with an update on this review.

Current status

- The ACT/National Confidence and Supply agreement states that “National and ACT also agree to set up a task force to produce a comprehensive report on governance issues relating to policy towards state, integrated and independent schools”.
- The Minister of Education is appearing before the Cabinet Social Policy Committee on Wednesday 26 September with the paper *Legislation on School Boards of Trustees* which proposes to make minor amendments to the Education Act to ensure the core duty of school Boards is more clearly set out in legislation.
- This paper updates Cabinet on the future work on governance, and notes that the Minister of Education will seek Cabinet’s agreement on the terms of reference for the task force, and the task force’s membership. The paper does not give a timeframe for when this will occur.

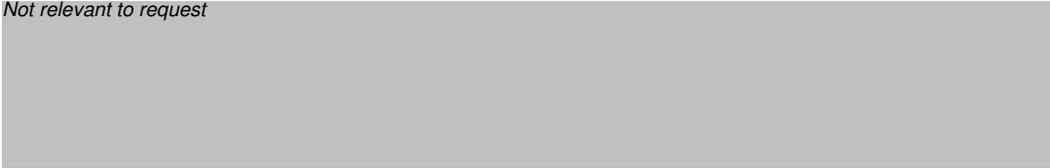
• *Not relevant to request*



Using the Productivity Commission to progress work on school governance

- We understand that Associate Minister of Education has expressed interest in using the Productivity Commission to investigate school governance.
- Treasury sees a number of risks associated with the Productivity Commission undertaking this review:
 - i. The purpose of the review: the link between school governance and productivity is a fairly tenuous one. While theoretically good governance should improve the working of schools, which should in turn make the environment of teaching and learning more effective, research generally finds a weak link between governance and learning outcomes (especially in comparison to the strong effect of students' socioeconomic backgrounds and teacher quality).
 - ii. The scope of the review: it would limit the ability of Ministers to determine the scope of the review, as although the Government sets broad inquiry topics, the Productivity Commission is required to act independently in its work.
 - iii. How the review is received: the Productivity Commission releases its reports into the public domain, rather than reporting directly to Ministers.
- Treasury recommends that the Productivity Commission focus on areas that we know could have a greater impact on student achievement outcomes, which directly influences productivity. For example, we have previously suggested a possible topic of inquiry could be to look in more depth at low achievement and socio-economic status (drawing upon PISA data) as this has not been heavily analysed in New Zealand. We would still see some merit in this.

Not relevant to request



Withheld under s9(2)(g)(i)



Nic Blakeley, Manager, Education & Skills, 04 917 6896



Reference: T2013/204

SH-4-5-3

Date: 8 February 2013

To: Minister of Finance
(Hon Bill English)

Deadline: None

Aide Memoire: Update on Partnership Schools

Not relevant to request



¹ The Authorisation Board is the entity which will: evaluate applications; make recommendations to the Minister of Education on which applications should be approved; work with ERO to conduct educational performance reviews based on the terms of the contract and milestone data requirements; and in the case of critically underperforming Partnership Schools, recommend intervention or closure.

Current status of key aspects of the policy

The funding model:

- We understand that Minister Parata intends to take a paper to SOC in late February/early March, seeking agreement for the funding model for Partnership Schools.
- We have been working closely with Ministry officials on the design of the funding model. We have chosen to invest our time in this area as i) the way the funding model is designed will set incentives for the way the schools operate, so is therefore important for the overall success of the policy, and ii) it is an opportunity to trial and evaluate a different approach to funding schools, which could have wider applications in the state school sector.
- Given the time constraints for undertaking this work, we are broadly comfortable with the funding model proposed by the Ministry, as per the last draft of the paper. Note that monetary performance incentives are unlikely to be considered for schools opening in 2014.
- Independent Quality Assurance New Zealand (IQANZ) is performing an independent review of the funding model, and the underlying costings.

Contract and Key Performance Indicators (KPIs):

- The Partnership School's contract is one of the key distinguishing features between Partnership Schools and regular state schools; it is important that it is well designed so the school is appropriately held to account, and perverse incentives are minimised.
- We provided our initial thoughts on contract design to Ministry officials, and met 8 February to discuss their progress. Withheld under s9(2)(g)(i)
- The key risk here is that a KPI framework will be required by late March as part of the (more formal) Expressions of Interest process, and will need to be finalised for contract negotiations in June/July.

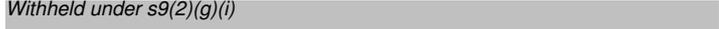
Not relevant to request

Not relevant to request



- Our biggest remaining concern for the policy is the finalisation of key aspects of the partnership schools policy and delivery, especially the design of the contract and KPIs, and this will be the focus of our attention in the coming months.

Withheld under s9(2)(g)(i)



Barbara Annesley, Senior Analyst, Education & Skills, 04 917 6896