

DEPARTMENT OF EDUCATION



Investing in Government School Education

Action Plan in Response to the Review of the Global School Budget Funding Model



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**MESSAGE FROM THE
CHIEF EXECUTIVE**



THE WAY FORWARD



TIMELINE OF REFORMS



Today is Wednesday the 22nd of November 2017

COCOA



Message from the Chief Executive



Our vision is for a strong public education system that ensures equity and gives every child the opportunity to engage, grow and achieve.

Schools are at the centre of this vision. School leadership, performance and capability are critical to the Northern Territory becoming the most improving education system in Australia.

To help us achieve this, we are enhancing the way we resource Northern Territory Government Schools.

I am pleased to present the Government's response to the independent review of the global school budget funding model, which has been conducted by Ernst and Young (EY). All recommendations from the review have been accepted in full or in principle subject to further analysis so that we can continue to improve and meet the needs of our schools and students.

The review found that generally, schools reported that the annual allocation of global school budgets has provided additional flexibility and increased autonomy in the allocation of resources. The majority of school leaders feel they are better able to target their resources to meet the needs of their students. However, the review found that the model could be enhanced to better meet the needs of our schools and students.

I would like to thank those who provided input into the review – our school principals and business managers, the NT Principals' Association, the NT Council of Government School Organisations, the Australian Education Union NT and the NT Community and Public Sector Union.

Our action plan for the future is focused on building a School Resourcing Model that meets student need and provides schools with flexibility, budget certainty and improved support for better budget management.

The School Resourcing Model complements our recently launched Education NT Strategy 2018-2022. Our ambition is for every child in the Northern Territory to have the best start in life, and through early learning and school education, gain a bright future. We will continue to implement actions based on evidence and assess our impact to ensure our efforts improve education outcomes for our students.

I am confident that together, we will all do whatever it takes to engage, grow and achieve.

“Our action plan for the future is focused on building a School Resourcing Model that meets student need and provides schools with flexibility, budget certainty and improved support for better budget management.”



The way FORWARD



This response sets out our action plan for building a School Resourcing Model that provides schools with equitable funding to meet the unique needs of our students, increased support and the tools needed to improve student outcomes.

The 20 recommendations from the review have been accepted in full or in principle, subject to further investigation and analysis.

Our action plan for the School Resourcing Model focuses on four solution themes:



Better support for schools through targeted investment



Better budget management



Improving budget certainty for schools



Targeting funds to student need

Through our actions, we will assist schools to better plan, manage and allocate their resources. Additional operational support and advice will be provided to help accelerate improvement, by ensuring that schools are focused on the needs of students, staff and the school community. Our school leaders and school representative bodies will work together to make decisions about how best to meet the needs of their students.

Our actions will be implemented over three years to ensure a smooth transition for all schools and time to plan for budget changes. We have developed key milestones to make sure that we are accountable, transparent and deliver on our targets.

Schools and stakeholders were consulted during the review and we will continue to work with them on the implementation of the reforms and our progress going forward.

Our commitment is for a strong public education system that gives every student the opportunity to engage, grow and achieve. Our focus is on supporting schools to ensure better outcomes for all Territory children and students.



Better support for schools through targeted investment



The review found that schools are at different stages in their understanding and capability to manage their budgets, and similarly the department is on its own journey of improving processes and systems.

Recommended improvements were to improve financial governance and responsiveness at a department level, and to expand corporate support for schools to help them manage their budgets. Improvements to financial reporting and systems and building the capability of schools to better understand and apply their budgets were also recommended.



Our actions

\$4 million in one-off funding will be added to school budgets in early 2018 to recognise legacy budget issues from inequities in the global school budget model from 2015 and 2016. This is in addition to the NT Government's contribution of an extra \$20 million for school budgets each year from 2017.

New financial governance arrangements will be put in place during 2018 to replace the Exceptional Circumstances Funding Policy and process. The new arrangement features a new School Resourcing Committee to improve decision-making. The committee will be made up of senior school and corporate executives who will consider and make decisions on all school funding matters.

New policies and guidelines will be developed to clarify responsibilities and improve the accountability of both schools and the department in budget management. Formalised early intervention support will be provided to schools that need assistance in applying their budget so they can best respond to student need.

The capability of principals and assistant principals will be strengthened to deepen their understanding of how resources are allocated to schools, and how those resources can be applied to meet the needs of students. To do this we will expand existing training and develop a peer mentoring and coaching program to help grow capability of schools, particularly for school leaders in remote areas. Business manager capability is being further developed, so the best possible support and advice is provided to principals in all aspects of resource management.

Through the Community Led Schools initiative, we will tailor and plan strategies with school leaders, school councils and parent advisory bodies aimed at strengthening governance arrangements and empowering community members to engage in decision making about school resources.



Financial reporting will be improved to allow schools to better manage and monitor their budgets and improve accountability to their school representative bodies. We will investigate an enterprise financial system to simplify reporting and improve monitoring longer term.

To increase transparency and build awareness of how schools are funded, we will publish the final budgets of every school in April each year, with explanatory notes and information resources.

In line with the focus of differentiated support for schools in the Education NT Strategy 2018-2022, the department's service delivery model is being reviewed and expanded to ensure schools are getting the support they need to meet the needs of their students. Specific expertise and support will be available to schools for strategic workforce planning, workforce management and resource management. The NT Government has invested \$2 million in additional resources to ensure this targeted support for schools is provided effectively and as soon as possible.



Improving budget certainty for schools



The review found that funding on the needs of student is inherently variable, as enrolments and student needs change from year to year. Effective enrolment was identified as adding to this variability however the review recommended that it is retained, on the basis that it best distributes finite funding to schools with children attending, and in front of a teacher.



Our actions

Effective enrolment will be retained but reviewed in 2020 to further determine its impact, once three year averages are available.

To improve budget certainty for schools, the NT Government has committed additional funds to fix the base rate and indexation per student for four years. This ensures funding per student will grow in real terms each year over the period of this commitment. Schools will be able to plan over the longer term to maximise the retention of quality teachers and focus effort on student engagement, growth and improvement.

Principals, assistant principals and business managers will receive budget management training with a specific focus on the application of effective enrolment and the tools available to improve budget forecasting, as well as the intention of the small school supplement in facilitating continuity of teaching practice in the classroom.

Since the review, the Department of Education has released its Teacher Permanency Strategy to increase the number of teaching staff appointed permanently. Schools will be supported to provide teacher permanency and the ratio of temporary to permanent staff will be monitored.



Better budget management for efficient investment in the needs of students



The review found that although the allocation of funding to schools is intended to be spent each year, there are circumstances which may result in more or less than the allocation being spent. These include unplanned, extended staff personal leave and alignment of funding for fixed costs (i.e. essential services) with actual costs.



Our actions

We will look to centralise personal leave from 2019 following further analysis of effect on school budgets, to reduce schools' exposure to the potential budget impact of unplanned, extended staff personal leave.

A funding formula for fixed school costs such as property management and essential services will be considered to ensure that funding provided for services accurately reflects need. The department will also put in place a process to ensure whole of life costs for new facilities are reflected in budgets.

New practices for monitoring budget positions to promote more effective use of resources will be established, and a policy position on benchmarks for levels of cash in school bank accounts will be developed. To drive informed decision making in the allocation of resources, the department will improve financial reporting, and longer term, \$4 million has been allocated for an enterprise financial system. This will reduce red tape and administrative burden for schools and to allow schools better communicate with their school communities and plan the use of resources to meet student need.

The department is committed to equity in the allocation of resources in schools and will review a number of programs in 2018 for continual improvement so we are achieving better outcomes for all our students. This will include Vocational Education and Training (VET) and Intensive English Units (IEU).



Targeting funds to student need



The student needs-based funding model underpins global school budgets. The review found that since the introduction of global school budgets, 83 per cent of schools reported some change in the allocation of their resources to better meet student need, and that changes made to weightings in the model in 2017 were appreciated by schools.

Potential improvements were recommended to ensure the weightings in the model allow schools to address the complex needs of remote Aboriginal students, English as a Second Language students and students with additional needs.



Our actions

New needs-based weightings will be introduced in the School Resourcing Model to ensure all our students are able to engage, grow and achieve to their potential.

A new weighting has already been introduced in 2018 budgets to better target the needs of English as a Second Language students, with full implementation to occur in 2019. An additional \$4 million ongoing will be added to the school budget pool from 2019 to support this.

As the Territory has a high proportion of students with special needs, a new weighting will be introduced in 2019 school budgets to ensure these needs are appropriately funded.

The weighting will be based on the Commonwealth Government's Nationally Consistent Collection of Data on School Students with Disability (NCCD) dataset, which is still maturing and the Department of Education's Students with Additional Needs (SwAN) framework, currently being developed. A review of the funding needed for students with additional needs will occur in 2018 in line with the dataset and SwAN framework, to support the introduction of the new weighting in 2019 school budgets.

The more complex needs of remote Aboriginal students are acknowledged and the recommended changes to existing weightings in the model will be further analysed in 2018 to determine the impact on schools.

Current year level weightings, the remote location weighting and the method for developing and applying Socio-Economic Status (SES) will be retained. SES data will be reviewed in three years to determine if other data related to socio-economic hardship is available.

Timeline of ACTIONS



SEMESTER 1, 2018

- ✓ One off \$4 million added to school budgets to recognise legacy issues from 2015 and 2016
- ✓ Publish school budgets on department's public website
- ✓ Improved school funding governance arrangements and new policies and procedures
- ✓ Expanded departmental support for schools
- ✓ Program of capability building for school leaders and business managers
- ✓ Improved reporting for better budget monitoring

SEMESTER 2, 2018

- ✓ Complete the review of the recommendation to reflect the different needs of remote Aboriginal students in the resourcing model

SEMESTER 1, 2019

- ✓ Full introduction of weighting for English as a Second Language students, supported by an additional \$4M
- ✓ Introduce weighting for students with additional needs informed by NCCD data and SWAN framework
- ✓ Centralise funding of personal leave*
- ✓ Introduce fixed funding formula and process to capture whole of life costs for new facilities
- ✓ Review of enterprise data system complete

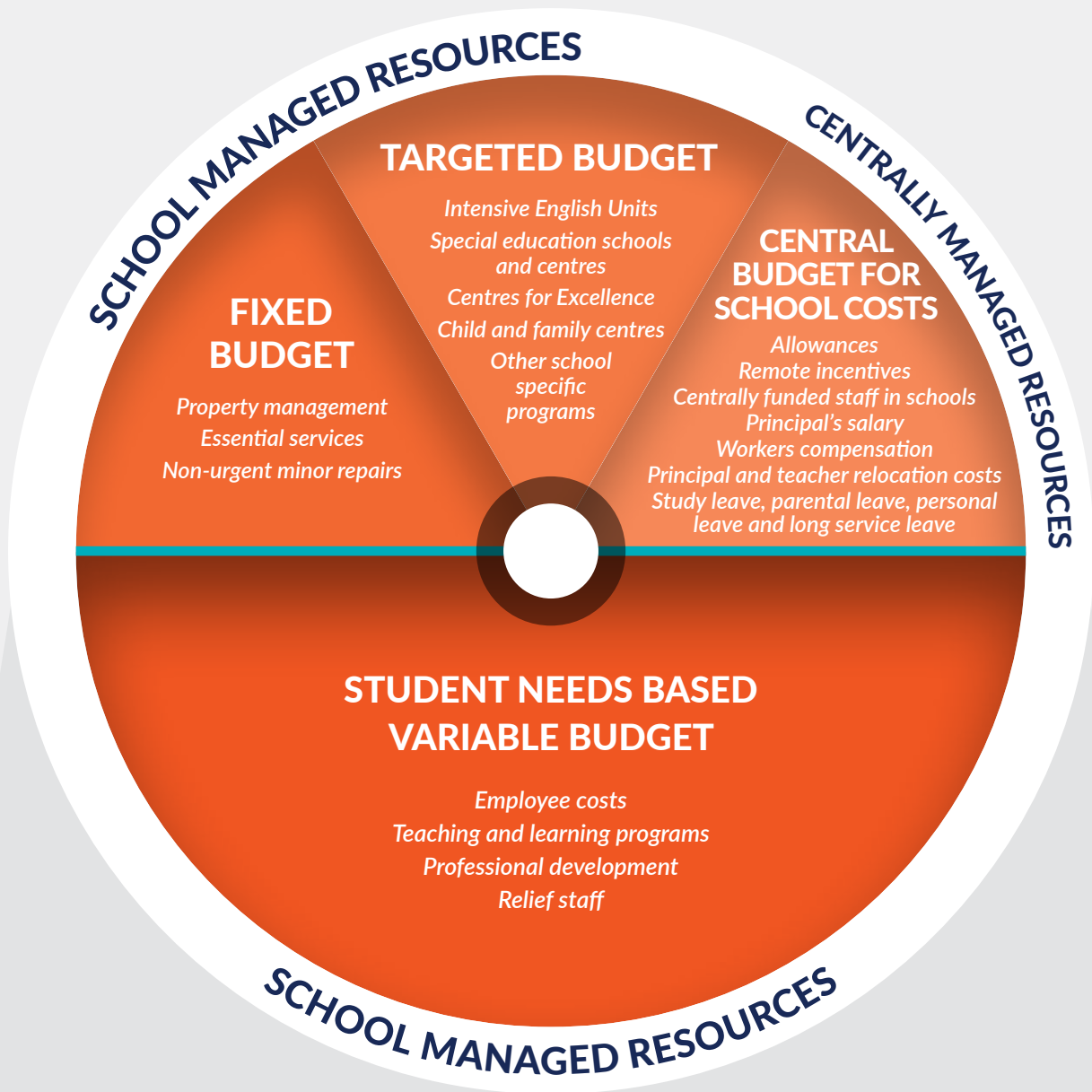
SEMESTER 2, 2020

- ✓ Review use of effective enrolment
- ✓ Review SES data

* Subject to assessment of impact on school budgets

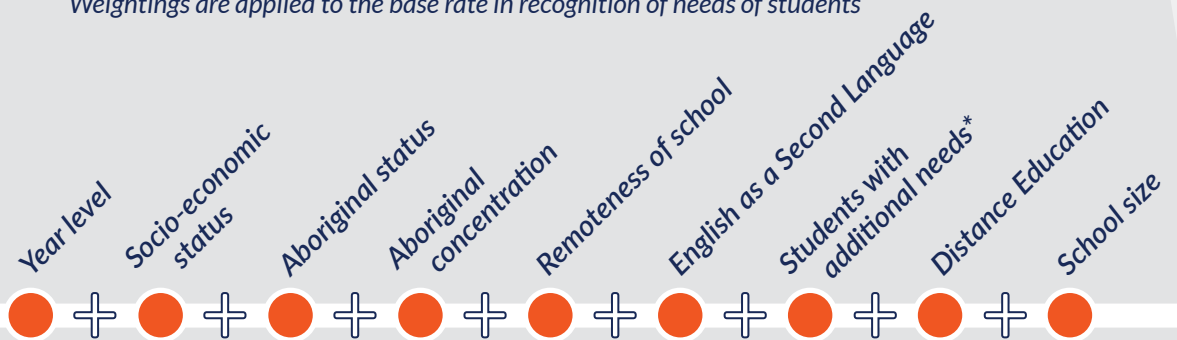
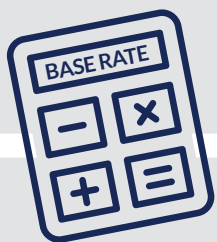
The full report and review are available at www.education.nt.gov.au

School Resourcing Model



Student Needs Based Funding Formula

Weightings are applied to the base rate in recognition of needs of students



* From 2019



