

# Investing in Government School Education

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

### SOLUTION THEME 1:

#### What support is required by schools through targeted investment?

In its third year since implementation, it is clear that schools are at different stages in adopting the Global School Budgets reform and understanding of the GSBFM. Survey and case study school consultations demonstrated the full spectrum of maturity in the GSBFM implementation. Areas requiring improvement suggested by stakeholders included establishing a better governance structure, supporting schools to build their capabilities and understanding of the GSBFM, and providing early and targeted support for schools that need it.

FINDING	RECOMMENDATION AND PRIORITY	NTG POSITION	TIMING
<p><b>Finding 1</b></p> <p>Schools are at different points in their understanding and capability to manage the GSBFM. It was observed throughout this review that there are examples of schools who were not ready for full autonomy, for a range of reasons, and are reliant on central support currently provided. The review also observed examples of other schools that have the appropriate capability and resources to facilitate autonomy and innovation.</p> <p>Similarly, the department is also on its own journey of improving its processes and systems. As these mature, better support can be provided to schools.</p>	<p><b>Recommendation 1a - High</b></p> <p>Investigate what support is required for schools to enhance capability and knowledge gaps of the GSBFM and drive continuous improvement. This might include:</p>	<b>Accepted</b>	
	<p>I. Establishing an improved good governance structure to replace the Exceptional Circumstances Policy. The new structure should be proactive, responsive and provide schools with regular and early intervention support when expenditure is higher than allocated budget.</p>	<p>New financial governance arrangements will be adopted during 2018. This will involve:</p> <ul style="list-style-type: none"> <li>✓ New policies and guidelines that will clarify accountabilities of schools and the department with regard to budget management, including early intervention support and processes for schools that need it.</li> <li>✓ The Exceptional Circumstances policy and process will be replaced with new school funding governance arrangements, featuring a School Resourcing Committee comprising senior corporate and school executives that will consider and make decisions on all school funding matters.</li> </ul>	2018
	<p>II. Working with schools to continuously build an understanding of the GSBFM, specifically around weightings and effective enrolment. This may include suggestions and advice to schools on how to spend or manage funding using better practices from other schools.</p>	<p>We will build the capability of principals and assistant principals managers to raise awareness of how resources are allocated to and how to apply them to meet the needs of students. To do this, we will expand existing training and develop a peer mentoring and coaching program for school leaders, particularly in remote areas. Business manager capability will be further developed, so the best possible support and advice is provided to principals in all aspects of resource management.</p>	2018
	<p>III. Undertaking a review of enterprise financial systems to identify improvements in how schools and the department can better manage and monitor school budgets and expenditure.</p>	<p>The department will update financial reporting practices to allow schools to better manage and monitor their budgets. The department will also review enterprise financial systems.</p>	2018
	<p>IV. Expanding the level of corporate services and support offered to schools to manage their budget and other corporate issues, in particular around strategic workforce planning and managing workforce mix.</p>	<p>The department's service delivery model for schools is being reviewed and expanded, in line with the focus of differentiated support in the Education NT Strategy 2018-22. Specific expertise and support will be available to schools for strategic workforce planning and budget management.</p>	2018

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<p><b>Finding 2</b></p> <p>There are varying support structures across the regions providing support services to small, regional and remote schools such as shared business managers. However, the ability to access this support and the level of support varies across schools.</p>	<p><b>Recommendation 2a - High</b></p> <p>Identify what specific support is needed by small, regional and remote schools that are less comfortable with autonomy and are in the early stages of the improvement journey to assist in building their capabilities and understanding of the GSBFM. The support should be accessible and consistent across all schools and help address any staff resourcing and capability challenges they may face.</p>	<p><b>Accepted</b></p> <p>The principals of small schools have been consulted to identify their support requirements. The department's service delivery model for schools is being reviewed and expanded, in line with the focus of differentiated support in the Education NT Strategy 2018-22. The roles of business managers and principals will be well defined in this model.</p>	2018

## SOLUTION THEME 2:

### *Is the current approach to budget allocation efficient in distributing a finite pool of funding?*

*High levels of budget variability were consistently raised as a key issue for stakeholders. Whilst funding based on student needs is inherently variable as enrolments and individual student needs change from year to year, this variability is further impacted in the NT through the additional application of effective enrolment. Effective enrolment attempts to distribute finite funding based on attendance peaks, to the schools with children attending and in front of the teacher.*

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<p><b>Finding 3</b></p> <p>At this time, with a finite funding pool, effective enrolment is the most appropriate measure to distribute funds on the basis that it best distributes finite funding to schools with children attending and in front of a teacher.</p> <p>Other approaches tested dilute the ability for funding to be directly related to the students who are enrolled and attending school and would require additional administrative steps to ensure responsiveness to student needs.</p>	<p><b>Recommendation 3a - High</b></p> <p>Continue with the effective enrolment measure as the most efficient way to distribute the current levels of finite funding.</p>	<p><b>Accepted</b></p> <p>The department will analyse three year averages of enrolment and effective enrolment when the data is available, to determine if budget volatility caused by the use of effective enrolments can be further reduced.</p> <p>To improve budget certainty for schools, additional funds have been provided to fix the School Resourcing Model's 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 staffing and operations longer term for the retention of quality teachers, to sustain efforts for student improvement.</p>	<p>2020</p> <p>From 2018</p>
<p><b>Finding 4</b></p> <p>Stakeholders identify an element of uncertainty around budgets year to year due to the application of effective enrolment. Stakeholders also attribute a preference for hiring fixed period staff to this uncertainty, to be able to better manage their resource mix in the event that funding is decreased in future years.</p> <p>The proportion of teaching staff on fixed period contracts has increased each year since 2012/13, particularly in small and remote schools, reportedly in part due to increasing budget uncertainty.</p> <p>The small school supplement was intended to provide a minimum funding threshold for small schools to assist in resource and program planning.</p>	<p><b>Recommendation 4a - High</b></p> <p>Increase communications on the intention of the small school supplement introduced in 2016 to ensure adequate staffing levels can be maintained in small schools.</p>	<p><b>Accepted</b></p> <p>Small schools have received targeted communications to raise awareness that the small school supplement provides sufficient funding for the employment of two adults at the school, allowing for continuity of teaching practice in the classroom.</p>	2017

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	<p><b>Recommendation 4b - Medium</b></p> <p>Monitor the proportion of ongoing to fixed period teaching contracts, to identify if the certainty of funding afforded by the small school supplement facilitates a shift to a higher proportion of ongoing staff.</p>	<p><b>Accepted</b></p> <p>To increase the number of teachers appointed permanently, the department has launched the Teacher Permanency Strategy. Schools will be supported to provide teacher permanency and the ratio of temporary to permanent staff will be monitored.</p>	From 2017

### SOLUTION THEME 3:

#### How can efficient investment by schools in the needs of their students be facilitated and monitored?

The profile of student needs changes as students move from one year to another or from school to school. The allocation of funding is intended to be used on the students in the year it is allocated. However, there are various circumstances throughout the year that may result in more or less than the allocation being spent. A surplus or a deficit should not automatically be considered as an indication of over- or under-funding of that school, due to the myriad of factors that contribute to the financial position of a particular school.

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<p><b>Finding 5</b></p> <p>The analysis indicates that fixed budgets are not aligned with expenditure, and this is contributing to both surpluses and deficits increasing year on year.</p>	<p><b>5a - High</b></p> <p>Exploring a better practice approach to determining fixed costs funding, which may include introducing a fixed funding formula. Ensure whole of life costs and adjustment to fixed budget allocations are given when planning and approving new major works.</p>	<p><b>Accepted</b></p> <p>Better practice approaches to determining fixed costs funding will be explored. A formalised process will be developed to ensure whole of life costs are considered for new major works.</p>	During 2018 for 2019 school budgets
<p><b>Finding 6</b></p> <p>Consolidated financial reporting of the budget and deficit position of all schools across all funding sources is not automated, and makes it challenging for the department to have a whole of system view.</p>	<p><b>6a - Medium</b></p> <p>In the short term, facilitating and monitoring efficient investment by updating accounting practices and financial reporting practices to more readily measure surpluses and deficits, (i.e. separated from grant funding) to promote more efficient use of funds through proactive monitoring and management. In the longer term, ensure this capability is included in an enterprise financial system.</p>	<p><b>Accepted</b></p> <p>In the short term, the department will work with principals and business managers to identify improved tools and reports for monitoring school financial positions. The department will review enterprise financial systems in 2018.</p>	2018
<p><b>Finding 7</b></p> <p>Stakeholders identify that the fluctuations between preliminary and final budgets are one of the causes for schools holding surpluses in case of reductions in funding at the final budget. The analysis also found that in remote schools there is a significant correlation between changes in the budget from preliminary to final budget and GSBFM budget surplus/deficit position. There is evidence of increasing cash reserves in school bank accounts. This may be due to a range of reasons as raised by stakeholders including schools holding onto funding due to budget uncertainty, or inability to spend allocation due to access to resources. There is currently no formal department policy on the treatment and acceptable levels or circumstances of surpluses or cash reserves.</p>	<p><b>7a - Medium</b></p> <p>Form policies on the maximum acceptable surplus as a proportion of GSBFM funding, and maximum cash reserves that schools should hold, to enable more efficient and accountable use of GSBFM funding – articulating what is acceptable and what is not. To facilitate planning, particularly for the small regional and remote schools that have reported less comfort with autonomy, provide additional support for using and interpreting tools, such as the Scenario Planning Tool to estimate potential budget volatility.</p>	<p><b>Accepted</b></p> <p>New policies and guidelines are being developed that will clarify accountabilities of schools and the department with regard to financial management, including benchmarks on cash reserves. Targeted support will be provided to schools that need it, in line with line with the department's Education NT Strategy 2018-2022. Existing financial management training programs for principals, assistant principals and business managers will include specific sessions to assist schools to better forecast their final budget.</p>	2018

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<b>Finding 8</b> There are material unforeseen costs paid for by schools that impact on the certainty of the budget position, decreasing efficiency and equity – these include extended personal leave.	<b>8a - High</b> Centralise funding of personal leave.	<b>Accepted in principle, subject to further investigation</b> Personal leave will be centralised in 2019, subject to further analysis ensure that such action does not have unintended impacts for schools.	During 2018 for 2019 school budgets
<b>Finding 9a</b> Students enrolled in both Government Schools and VET programs are funded as full-time equivalents despite also receiving funding as VET students, potentially reducing the equity of funding allocations. In addition, some schools have trainers placed in the school.	<b>9a - Medium</b> Department to undertake a more detailed review of program provision or resource placement which may result in unintended inequities.	<b>Accepted</b> The department will identify programs for review in 2018.	2018
<b>Finding 9b</b> After accounting for the funding that would be allocated for Intensive English Unit (IEU) students if they attended mainstream classes, the funding for IEUs is estimated for 2017 to be \$3,700 per student.  While IEUs may be an effective means for preparing students with ESL needs to transition to mainstream classes, there is not sufficient data available to determine the efficacy of the programs.	<b>9b - Medium</b> Review the access and outcomes of the IEU program and develop a performance measure to monitor the number of students attending IEUs and transitioning to mainstream classes, to monitor the efficacy of the IEUs for preparing students to return to mainstream classes.	<b>Accepted</b> A review of access to and outcomes of the IEU program will be conducted in 2018.	2018

## SOLUTION THEME 4:

### How can funding be better targeted to student needs?

At the core of the GSBFM is the premise that funding is distributed to students in a way that targets need and improves access to education. The existing weightings are broadly accepted by stakeholders, however as schools build understanding around the GSBFM, there is a desire for more understanding on how the weightings are determined and their intended purpose.

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<b>Finding 10a</b> Year level weightings were refined in 2017 to make improvements in the disparity between year levels for middle and senior secondary.  While there is not sufficient data to analyse school costs by year level, analysis of staffing structures and budget performance by school level did not indicate a need at this time to further change stage of school weightings.	<b>10a - High</b> Retain current stage of school weightings.  The department should monitor the budget performance of small and large middle schools to determine if the deficits experienced by smaller middle schools in 2016 are repeated in 2017.	<b>Accepted</b> The department will continue to monitor the budget performance of all schools during 2018 as per usual practice, to determine if adjustments to year level weightings or any other weightings are required.	Ongoing
<b>Finding 10b</b> Costs are higher in remote locations as supported by cost analysis and stakeholder consultation. More investigation is required to make any adjustment to the weighting.	<b>10b - High</b> Retain current remote location weightings.  Initiate further investigation into the cost of delivering education in remote locations. Monitor the findings from the independent review into Regional, Rural and Remote Education by the Australian Government's Department of Education and Training, as they may detail education delivery requirements that can be used to identify potential cost drivers for consideration.	<b>Accepted</b> The department will further investigate the cost of delivering education in remote locations in 2018.	2018

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<p><b>Finding 10c</b></p> <p>The weightings in the model have facilitated improvements in the equitable allocation of resources, but the current Aboriginal weighting may not be adequate to address the complex needs of some remote student profiles.</p> <p>In particular, NT Aboriginal students' NAPLAN results are poorer as their remoteness increases, and school attendance rates are poorer for Aboriginal students in remote areas compared to less remote areas.</p>	<p><b>10c - High</b></p> <p>Consider adjusting the Aboriginal student weighting to reflect the different needs of Aboriginal students between remote and urban schools. A budget neutral adjustment can be achieved by adjusting the Aboriginal student and concentration weightings to distribute more funds to schools with a higher concentration by:</p> <ol style="list-style-type: none"> <li>I. Adjusting the Aboriginal student weighting from 0.3 to 0.225.</li> <li>II. Distributing more funds to schools with high Aboriginal concentration by increasing the Aboriginal student concentration weighting from 0.05 to 0.15.</li> <li>III. Reducing the floor of the Aboriginal student concentration from 40% to 35%, so that more schools are included in the calculations.</li> <li>IV. Maintaining the Aboriginal student concentration ceiling at 80%.</li> </ol>	<p><b>Accepted in principle, subject to further consideration</b></p> <p>The department agrees that Aboriginal students in remote schools have different needs to those in urban schools but would like to consider further the impact of changes to the weightings as recommended on all schools.</p>	2018
<p><b>10d</b></p> <p>The weightings in the model have facilitated improvements in the equitable allocation of resources. While schools report that students from households with low socio-economic status have needs that are not addressed in current needs funding, there is not currently a robust, alternative set of data on student needs that could be utilised to improve the SES weighting.</p>	<p><b>10d - Low</b></p> <p>Maintain current method of developing and applying student-based SES scores.</p>	<p><b>Accepted</b></p> <p>The department will review the use of SES data in three years' time, to determine if other data related to socio-economic hardship is available and a more appropriate measure.</p>	2020
<p><b>11a</b></p> <p>ESL funding needs to be targeted to the students with identified ESL needs to ensure equitable and efficient use of funds.</p>	<p><b>11a - High</b></p> <p>Redistribute the \$5.6 million currently averaged across all students and allocate a per student amount to each student with identified ESL needs only.</p>	<p><b>Accepted</b></p> <p>The redistribution of available funding to target those with ESL needs has already commenced, with a new weighting for ESL needs introduced in 2018 school budgets. Progressive implementation of the weighting over 3 years to 2020 was planned, to minimise the impact on schools of the redistribution of funds. The weighting will be now fully implemented in 2019, with \$4 million in additional, ongoing funding to ensure no school is worse off from the implementation.</p>	2019
<p><b>11b</b></p> <p>Cross jurisdictional analysis indicates that the funding currently allocated to ESL needs may not be sufficient to meet those needs. However, within the funding that is available, it is necessary to further weight ESL funding according to the level of ESL support needed per student.</p>	<p><b>11b - Medium</b></p> <p>Collect data on the cost of delivering ESL support to cost ESL programs by year level and stage of learning, in order to weight the ESL funding per student further.</p>	<p><b>Accepted</b></p> <p>A consistent, complete and quality data set regarding students' ESL levels is required for the introduction of the ESL weighting in the student needs based funding model (refer Rec. 11a). The department will analyse ESL data annually to determine if the weighting reflects need.</p>	2018



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<p><b>12</b></p> <p>Funding for special needs is not transparent and difficult to navigate due to the multiple streams of current funding.</p> <p>Consolidating and streamlining funding would improve transparency, but this relies on consistent data.</p>	<p><b>12a - High</b></p> <p>Once a complete dataset of students with a disability is established and in future improvements to the SNBFM, consider streamlining the multiple sources of funding for special needs to improve efficiency and transparency of funding for special needs.</p>	<p><b>Accepted</b></p> <p>The department will continue to fund students with additional needs through Special Education Support Program in 2018 to allow schools time to ensure their NCCD data is accurate. It is anticipated schools will be funded on NCCD data from 2019.</p>	2019
	<p><b>12b - High</b></p> <p>Provide adequate training, support and materials to enable teachers to assess their cohorts against NCCD standards in order to provide for a complete NCCD database.</p>	<p><b>Accepted</b></p> <p>Training, support and materials will be provided in line with a new service delivery model for students with additional needs (SwAN).</p>	2018
	<p><b>12c - High</b></p> <p>Improve the distribution of funding through targeting the \$1,000 per student received by all mainstream students to those students with special needs in mainstream schools.</p>	<p><b>Accepted in principle, subject to further analysis of need, in line with the service delivery model</b></p> <p>It is anticipated that a weighting for students with a disability will be introduced into the student needs based funding model in 2019, in line with the maturing NCCD data set. The department will consider all funding for students with additional needs from 2019 onwards during 2018, once the dataset is available and the SwAN service delivery framework is in place.</p>	2019

