



Briefing report

Education Review Office (ERO): Budget 2022 documents update

Date	28 March 2022
Security Level	N/A
ERO Priority	Medium
ERO Reference	M22-9
Date requested	ERO initiated
Date due	ERO initiated
Proactive release	After Budget day on 19 May 2022

Addressee	Action sought	Deadline
Minister of Education	It is recommended that you:	
Associate Minister of Education	<ul style="list-style-type: none"> a) Note the changes to ERO's performance measures and appropriations included within ERO's Budget 2022 documents. b) Agree to provide feedback on ERO's performance measures. c) Agree that the Education Review Office release this briefing after Budget 2022 announcements on 19 May 2022. 	5.00pm, 4 April 2022



Attachments:

**Education Review Office (ERO):
Budget 2022 documents update**



Comments:

Minister's Office to complete

Noted	<input type="checkbox"/>
Seen	<input type="checkbox"/>
Approved	<input type="checkbox"/>
Referred to:	
Date signed by Minister:	



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Our Ref: M22-9

28 March 2022

Hon Chris Hipkins
Minister of Education

Hon Jan Tinetti
Associate Minister of Education

Budget 2022 documents update

Purpose

1. The purpose of this paper is to:
 - a. Seek the Ministers feedback on the Vote Education Review Office 2021/22 Supplementary Estimates and 2022/23 Estimates of Appropriation documents (the budget documents).
 - b. Provide an update on the budget documents, including changes in funding and timeline for submission.

Background

2. As part of Budget 2022 ERO produces two documents for Vote Education Review Office (Vote ERO):
 - a. 2021/22 Supplementary Estimates (the Supps).
 - b. 2022/23 Estimates of Appropriation (the Estimates).
3. The budget documents provide information to Parliament on Vote ERO's appropriation and what the appropriation will be used for.

Current performance framework and measures

4. ERO introduced a new strategic framework in June 2020 in its Strategic Intentions 2020-2024. Alongside this ERO refined its non-financial performance measures, moving away from quantitative measures to qualitative measures and removing measures that were an indication of ERO's activity rather than measures that indicate ERO's influence.
5. ERO included six measures in its 2021/22 Estimates which were also reported in the 2020/21 annual report. The measures along with the intended targets are listed in Table 1 below.

Table 1: current 2021/22 performance measures

Existing measure	2020/21 result	2021/22 target as at Mains	2021/22 target for Supps	2022/23 target for Estimates
Monitor and evaluate				
Proportion of hours of evaluation services provided to ERO's high priority providers (see Note 1)	59%	Up to 40%	Up to 40%	This measure will be retired to be replaced by the allocation measure in Table 2
Influence				
Percentage of early childhood learning services that indicate ERO's evaluations are making a contribution to their decisions about how to improve learner outcomes	79%	>85%	>85%	>85%
Percentage of early childhood learning service respondents that indicate that their ERO evaluation had helped to identify or confirm opportunities for more effective practice and building capacity	82%	>80%	>80%	>80%
Percentage of schools that indicate ERO's evaluations are making a contribution to their decisions about how to improve learner outcomes	69%	>85%	>85%	>85%
Percentage of school respondents that indicate that their ERO evaluation had helped to identify or confirm opportunities for more effective practice and building capacity	71%	>80%	>80%	>80%
Key audiences report that ERO's national evaluations are informative and useful for identifying or planning improvement within the system or its component parts (see Note 2)	96%	>80%	>80%	>80%

Note 1: ERO's high priority institutions are those that are new, or that require in-depth evaluation for accountability and improvement and to build internal evaluation capacity.

Note 2 - ERO is not primarily a provider of policy advice. From our regular presence in schools and early childhood learning services ERO is, however, in a position to make a useful contribution to assist the policy agencies such as the Ministry and the sector.

Further improvements are required

6. In 2020/21 Audit New Zealand indicated improvement was needed in ERO's performance measures. It recommended that performance measures be designed and implemented to better reflect ERO's impact within the education system.
7. For its 2022/23 annual report ERO is required to adopt a new reporting standard, PBE FRS 48 Service Performance Reporting. The standard sets new requirements or increased expectations for:
 1. Identifying and selecting appropriate and meaningful performance information.
 2. Disclosing judgements made in selecting, aggregating, and presenting performance information.
 3. Providing comparative performance information.
 4. Ensuring consistency of reporting.

New performance measures are recommended for 2021/22 and 2022/23

8. ERO has an opportunity to improve its performance reporting in 2022/23. The first two of the changes recommended to performance measures in Table 2 are designed to recognise the implementation of the new schooling review approach, both what it seeks to achieve (allocation of resources to high-priority schools) and the rollout of this implementation. The third change recognises the importance of the legislative and regulatory reviews which remains a key activity ERO undertakes.

Table 2: recommended performance measures additions for ERO

New measure	2021/22 target for Supps	2022/23 target for Estimates
Review resources are applied in accordance with the priority framework (See Note 3)	N/A	Baseline year
Progress of bringing schools onto the new schooling review approach (See Note 3)	>40%	>80%
Percentage of schools/kura that have been reviewed for compliance with legal and regulatory requirements (See Note 4)	N/A	>33%

Note 3: This measure replaces the high priority measure in table 1.

Note 4: This measure will be impacted by COVID-19.

9. As the first and third measures in Table 2 relate to new approaches by ERO, ERO will report internally in 2021/22 to ensure the data collection process is able to withstand external review by ERO's audit.

Future development

10. Increased experience in applying the new schooling methodology, the new ECE Governing Organisation model, potential funding changes in ERO, new achievements and the inclusion of the ICM will all provide opportunities for ERO to continue to update and improve its performance reporting framework.

11. ERO will continue to refine its performance measures through 2021/22 and 2022/23 and identify if further improvements need to be included in the 2022/23 Supps to meet the requirements of the new PBE FRS 48 standard.

Changes to ERO's funding in 2021/22 and 2022/23

12. Changes to ERO's *Evaluations of the Quality of Education* appropriation include:
 - a. Those agreed through OBU and MBU:
 - i. Increased crown revenue of \$0.45 in 2021/22 due to an underspend in 2020/21 caused by COVID-19.
 - ii. Increased other revenue of \$0.80 million in 2021/22 and \$0.50 million from 2022/23 onwards for increased contractual revenue.
 - b. A Budget 2022 technical initiative to swap \$0.60 million from capital to operating funding due to a change in the accounting treatment of implementation costs associated with Software as a Service arrangements. The change means costs that have been capitalised or planned to be capitalised and reported as an intangible asset now need to be written-off the balance sheet as an operating expense. The change in the accounting policy was not finalised until after the March Baseline Update and needs to be adopted for the 2021/22 fiscal year.
 - c. A Budget 2022 significant initiative led by the Ministry of Education for the *Evaluation and Research – Te Reo Māori Accountability and Improvement in English medium*. This bid is still subject to Budget Ministers decisions and if supported will be included in the 2022/23 Estimates document. The indicative value of this is \$2.00 million per year.


Next steps

13. ERO is also seeking feedback on the draft budget documents from the Treasury.
14. The Treasury's timeline for finalising the documents is tight. Following Budget Minister's finalising the Budget 2022 package (expected on or shortly after 1 April), ERO will update its documents for any final changes and submit for the Minister of Education's approval. These need to be sent to the Minister of Finance by 8 April. Therefore, ERO is seeking feedback on the intended performance measures from Ministers by 4 April 2022.

Recommendations

15. It is recommended that you:

- a) **Note** the changes to ERO's performance measures and appropriations included within ERO's Budget 2022 documents. **Noted**
- b) **Agree** to provide feedback on ERO's performance measures by 5.00pm, 4 April 2022. **Agreed/Disagreed**
- c) **Agree** that the Education Review Office release this briefing after Budget 2022 announcements on 19 May 2022. **Agreed/Disagreed**



Nicholas Pole
Chief Executive

NOTED **APPROVED**



Chris Hipkins
Minister of Education

03 / 04 / 2022

Jan Tinetti
Associate Minister of Education

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