



Briefing report

Education Review Office (ERO): Budget 2023 documents update for Vote Education Review Office

Date	27 March 2023
Security Level	N/A
ERO Priority	Medium
ERO Reference	M23-12
Date requested	ERO initiated
Date due	ERO initiated
Proactive release	Recommended

Addressee	Action sought	Deadline
Minister for Social Development and Employment	It is recommended that you:	
	a) Note ERO's and Aroturuki Tamariki's performance measures and expected appropriation changes included within the Vote ERO's Budget 2023 documents.	
Minister of Education	b) Agree to provide feedback on ERO's performance measures.	4 April 2023
	c) Agree to provide feedback on Aroturuki Tamariki's performance measures.	4 April 2023
	d) Agree that this briefing is proactively released in-line with Treasury's guidance following Budget Day 2023.	



Attachments:

Education Review Office (ERO):

Budget 2023 documents update for Vote Education Review Office



Comments:

Minister's Office to complete

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



M23-12

27 March 2023

Hon Carmel Sepuloni
Minister for Social Development and Employment

Hon Jan Tinetti
Minister of Education

Budget 2023 documents update for Vote Education Review Office

Purpose

1. The purpose of this paper is to update appropriation Ministers on the Vote Education Review Office 2022/23 Supplementary Estimates and 2023/24 Estimates of Appropriation documents and seek their feedback on the proposed performance measures.

Background

2. ERO, as the appropriation administrator for all appropriations in Vote ERO, is currently preparing for you budget documents for the Minister of Education's sign off in line with the process agreed by you (ERO ref M23-8 refers). These documents will cover both ERO and the Aroturuki Tamariki - Independent Children's Monitor (Aroturuki Tamariki) from 1 May 2023 when they become a Departmental Agency hosted by ERO.
3. These Budget documents include:
 - a. 2022/23 Supplementary Estimates (the Supps).
 - b. 2023/24 Estimates of Appropriation (the Estimates).
4. These documents will be used to provide information to Parliament on Vote ERO's appropriation and what the appropriation will be used for.
5. Given the upcoming establishment of Aroturuki Tamariki as a departmental agency, I have also consulted with the Executive Director of Aroturuki Tamariki in preparing this paper, and supported him to develop Aroturuki Tamariki's draft performance measures included in this paper.

ERO performance measures and changes

6. Our current strategic framework was established June 2020 in its Strategic Intentions 2020-2024. We will update our strategic intentions in 2023/24 to reflect ERO's new role as a host agency and our updated ambitions and reflect any changes to our performance measures in Budget 2024.

7. We have continued to refine our performance measures by including new measures to reflect the addition of Poutama Reo and new governing organisation methodology in 2023/24.
8. As part of our work supporting the Government to stand up Aroturuki Tamariki, we have also added a new performance measure for the new appropriation established with Vote ERO in 2022/23, *Establishing the Independent Children's Monitor*. This appropriation is to enable ERO to complete activities required to transition Aroturuki Tamariki into ERO, including information technology, payroll, finance and governance arrangements.

Table 1: ERO draft performance measures within Vote ERO for departmental appropriations

	2021/22 result	2022/23 target as per 2022/23 Estimates	2022/23 target for 2022/23 Supps	2022/23 target for 2023/24 Estimates
Appropriation: Evaluations of the Quality of Education				
Monitor and evaluate				
Percentage of schools/kura that have been assessed for compliance with legal and regularity requirements	New measure in 2022/23	>33%	>33%	>33%
Progress of bringing schools onto the new schooling review approach	55%	>80%	>80%	100%
Review resources are applied in accordance with the priority framework	New measure 2022/23	Baseline year	Baseline year	Maintain and improve
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 in: <ul style="list-style-type: none"> • Individual Services • Governing Organisations (see Note 1 and 2)	<ul style="list-style-type: none"> • 74% • New measure in 2023/24 	<ul style="list-style-type: none"> • >85% • New measure in 2023/24 	<ul style="list-style-type: none"> • >80% • New measure in 2023/24 	<ul style="list-style-type: none"> • >80% • >80%
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 <ul style="list-style-type: none"> • Individual Services • Governing Organisations (see Note 2)	<ul style="list-style-type: none"> • 76% • New measure in 2023/24 	<ul style="list-style-type: none"> • >80% • New measure in 2023/24 	<ul style="list-style-type: none"> • >80% • New measure in 2023/24 	<ul style="list-style-type: none"> • >80% • >80%
Percentage of schools that indicate ERO's evaluations are making a contribution to their decisions about how to improve learner outcomes (see Note 1)	68%	>85%	>80%	>80%

	2021/22 result	2022/23 target as per 2022/23 Estimates	2022/23 target for 2022/23 Supps	2022/23 target for 2023/24 Estimates
Percentage of school respondents that indicate that their ERO evaluation had helped to identify or confirm opportunities for more effective practice and building capacity	72%	>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 3)	100%	>80%	>80%	>80%
Percentage of school respondents that the Poutama Reo improvement framework has been used to inform their strategy for the planning, monitoring and delivering of te reo Māori (see Note 4)	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	Baseline year
Appropriation: Establishing the Independent Children's Monitor				
ERO will manage the establishment of Aroturuki Tamariki - Independent Children's Monitor within ERO within the agreed budget (see Note 5)	New measure	New measure	Achieved	Achieved

Note 1: The budget standard was changed in 2022/23 from >85% to >80% to reflect a more realistic and relevant rate of activity.

Note 2: The Governing Organisation methodology is a new approach for early childhood education provider that has oversight of 15 or more services. A new indicator has been added to reflect the new approach in 2023/24.

Note 3: 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.

Note 4: The Poutama Reo improvement framework is a new tool for English-medium schools to review and improve their provision of Māori language in New Zealand. A new indicator has been added to reflect the new tool in 2023/24.

Note 5: This is a new performance measure in 2022/23 to reflect ERO's support in the establishment of the Aroturuki Tamariki - Independent Children's Monitor occurring in late 2022/23. This indicator is time limited to the period of establishment.

ERO's funding in 2022/23 and 2023/24

9. Changes to our *Evaluations of the Quality of Education* appropriation include:
 - a. Those agreed through baseline updates (M22-57 and M23-1 refer):
 - i. A one-off increase of \$1.000 in 2022/23 due to an underspend in 2021/22 caused by COVID-19.
 - ii. Increased other revenue of \$0.250 million in 2022/23 for increased contractual revenue, mainly for work completed on behalf of other government Departments.

- b. Two cost pressure initiatives subject to Budget Ministers decisions:
 - i. 'Education Review Office Other Operating Expenditure Cost Pressures' - this initiative of \$0.754 million per year is to meet the increased costs of other operating expenditure.
 - ii. 'Public Sector Pay Adjustment – Education Review Office Remuneration Cost Pressure' – this initiative of \$1.663 million per year creates a tagged contingency for the settlement of PSPA through ERO's collective negotiations.
 - c. A technical initiative to transfer \$0.939 million from 2022/23 to 2023/24. ERO has deferred planned activities in 2022/23 due to the work required to transition Aroturuki Tamariki into ERO on 1 May 2023. This funding will allow ERO to complete this activity in 2023/24, with some of this activity providing Aroturuki Tamariki with an improved level of service.
10. Changes to ERO's *Establishing the Independent Children's Monitor* appropriation including:
- a. Joint Ministers agreement to establish the appropriation within Vote ERO and transfer \$2.000 million from Vote Social Development to the new appropriation in 2022/23 (Report titled 'Proposed Plan for Establishing the New Independent Children's Monitor as a Departmental Agency' dated 21 July 2022 refers).
 - b. A technical initiative to transfer \$0.150 million from 2022/23 to 2023/24 to allow ERO to complete any establishment activities, including finalising the memorandum of understanding following the appointment of the Chief Executive of Aroturuki Tamariki.

Aroturuki Tamariki's performance measures and funding in 2022/23 and 2023/24

- 11. Aroturuki Tamariki is in the process of drafting its Strategic Intentions. They have developed six performance measures for inclusion in the 2023/24 Estimates which will sit alongside their strategic framework.
- 12. Advice from officials at the Treasury is to include performance measures in Vote ERO for the two months of 2022/23 that Aroturuki Tamariki is covered by the vote. The result can reflect Aroturuki Tamariki's activity under the Ministry of Social Development (MSD) and as a standalone Departmental Agency. However, as Aroturuki Tamariki has been in establishment phase in 2022/23 most of the measures only apply from 2023/24 onwards.

Table 2: Aroturuki Tamariki's draft performance measures within Vote ERO

	2021/22 result as reported in the MSD annual report	2022/23 target as per Vote Social Development 2022/23 Estimates	2022/23 target for 2022/23 Supps	2022/23 target for 2023/24 Estimates
Independent Monitoring and Assurance of the Oranga Tamariki System				
Reports on the findings of Aroturuki Tamariki in relation to compliance with the Oranga Tamariki (National Care	Achieved	Achieved	Achieved	This measure will be retired and replaced

	2021/22 result as reported in the MSD annual report	2022/23 target as per Vote Social Development 2022/23 Estimates	2022/23 target for 2022/23 Supps	2022/23 target for 2023/24 Estimates
Standards (NCS) and Related Matters) Regulations will be provided to the Minister for Children within timeframes agreed with the Minister				by the below measures.
Complete visits to at least three regions each year to understand how the Oranga Tamariki system is experienced (see note 1)	New measure in 2023/24	New measure in 2023/24	Visit at least 3 regions	Visit at least 3 regions
Prepare and provide final reports as defined in the Oversight of Oranga Tamariki System Act 2022	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	100%
Oranga Tamariki oversight system partners are satisfied with and use Aroturuki Tamariki reports to support them in their functions and duties (see note 2)	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	Baseline
All agencies who are the subject of a final report make commitments to implement changes based on Aroturuki Tamariki report findings	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	100%
The Māori Advisory group is satisfied that Aroturuki Tamariki have regard to their views when developing priorities, work programmes and monitoring approaches	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	Baseline
Regional visits reflect the tikanga of the community within which Aroturuki Tamariki operates including sharing with the community what was heard (see note 3)	New measure in 2023/24	New measure in 2023/24	New measure in 2023/24	90%

Aroturuki Tamariki was established as a Departmental Agency, hosted by ERO on 1 May 2023. The measures in 2023/24 reflect the objectives and functions of Aroturuki Tamariki as set out in the Oversight of the Oranga Tamariki System Act 2022.

Note 1: Arotutuki Tamariki will visit each ten regions every three years to inform the functions of Aroturuki Tamariki as set out in the Oranga Tamariki System Act 2022.

Note 2: Oversight system partners are the the Ombudsman and the Children's and Young Person's Commission.

Note 3: Aroturuki Tamariki practice of Aroturuki Tamariki reflects a te ao Māori approach, and monitoring activities are tailored to reflect the tikanga of each community and those engaged with.

The share-back process involves Aroturuki Tamariki sharing what was heard with the community and ensures meaningful engagement remains a priority.

Aroturuki Tamariki's funding in 2022/23 and 2023/24

13. In March 2023 Cabinet agreed to establish the *Independent Monitoring and Assurance of the Oranga Tamariki System* appropriation in Vote ERO and transfer [SWC-23-MIN-0013 Minute refers]:
 - i. Departmental funding of \$3.300 million in 2022/23 and \$10.368 million from 2023/24 onwards from Vote Social Development to Vote ERO; and
 - ii. A capital injection of \$6.520 million from the Ministry of Social Development to ERO (to hold on behalf of Aroturuki Tamariki as the host agency).

14. Changes through Budget 2023 for the *Independent Monitoring and Assurance of the Oranga Tamariki System* appropriation within Vote ERO are expected to include:
 - a. Two cost pressure initiatives subject to Budget Ministers decisions:
 - i. 'Aroturuki Tamariki - Independent Children's Monitor Other Operating Cost Pressure' – this initiative of \$0.700 million per year is to meet the increased costs of operating as a Departmental Agency.
 - ii. 'Public Sector Pay Adjustment - Aroturuki Tamariki - Independent Children's Monitor Remuneration Cost Pressure' – [REDACTED] 9(2)(j)

 - b. Two technical initiatives:
 - i. A withdrawal of unneeded capital provided for Aroturuki Tamariki through the initiative 'Withdrawal of Capital for Aroturuki Tamariki - Independent Children's Monitor'. Aroturuki Tamariki was provided with a capital injection through Budget 2019 of \$9.165 million for motor vehicles, property fitout, and a new IT system. With the establishment of Aroturuki Tamariki as a Departmental Agency almost complete the forecast capital requirements are less than the available capital. If agreed \$3.000 million of capital will be returned in 2022/23.
 - ii. A transfer of departmental funding from 2022/23 to 2023/24 through the initiative 'Transfer of funding from 2022/23 to 2023/24 for Vote Education Review Office'. This funding will ensure funding is available in 2023/24 to complete establishment activities. If agreed \$0.500 million of departmental will be transferred from 2022/23 to 2023/24.

Next steps

15. ERO is also seeking feedback on the draft budget documents from the Treasury.

16. Following Budget Minister's finalising the Budget 2023 package (expected on or shortly after 1 April), we will update documents for any final changes and submit for the Minister of Education's approval. These then need to be sent to the Minister of Finance by 12 April 2023. For this reason, we are seeking your feedback on the intended performance measures by 4 April 2023.

Recommendations

17. It is recommended that you:

	Minister for Social Development and Employment	Minister of Education
a) Note ERO's and Aroturuki Tamariki's performance measures and expected appropriation changes included within the Vote ERO's Budget 2023 documents.	Noted	Noted
b) Agree to provide feedback on ERO's performance measures by 4 April 2023.	Noted	Agreed / Disagreed
c) Agree to provide feedback on Aroturuki Tamariki's performance measures by 4 April 2023.	Agreed / Disagreed	Noted
d) Agree that this briefing is proactively released in-line with Treasury's guidance following Budget Day 2023.	Agreed / Disagreed	Agreed / Disagreed



PP: Jeremy France

Nicholas Pole
Chief Executive

CC: Arran Jones, Executive Director, Aroturuki Tamariki - Independent Children's Monitor

NOTED/APPROVED



Carmel Sepuloni
Minister for Social Development & Employment

2 / 4 / 23

NOTED/APPROVED



Jan Tinetti
Minister of Education

02 / 04 / 2023