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# Appendix one – Response from agency



Ms Margaret Crawford  
Auditor-General for New South Wales

DGL20/129

Email: [mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au)

Dear Ms Crawford

Thank you for your letter of 6 March 2020, providing a copy of the *Performance Audit – Local Schools, Local Decisions: needs-based equity funding* final report and seeking a response from the Department of Education (your reference: D2003105).

I am pleased to provide you with an Education Cluster response to the report.

The Department has prepared a response which supports all eight (8) recommendations. The response is reflected in the attached table with detailed commentary linked to each recommendation.

I want to take this opportunity to express my appreciation for the input you and your office have added in supporting this important body of work. Further to this, I would like to acknowledge officers from across the Education Cluster who have contributed to this activity.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Scott'.

Mark Scott AO  
**SECRETARY**  
**DEPARTMENT OF EDUCATION**  
3 April 2020



**Department of Education response to the  
NSW Auditor-General's Performance Audit – Local Schools, Local Decisions: needs-based equity funding final report**

In 2020, the NSW Government will reform Local Schools, Local Decisions to ensure the right balance between accountability, intervention and support for schools; with reforms due to come into effect in 2021. These reforms will look to better ensure that evidence based best practice teaching methods are used in the classroom, and that money is distributed through the Resource Allocation Methodology more effectively. Implementation of the reforms to Local Schools Local Decisions will also take into account the findings of the CESE Review into Local Schools, Local Decisions Evaluation -due mid 2020.

Recommendations - By April 2021, the Department of Education should:	Lead area	With input from	Support/Not supported. If not, please advise why	Action to implement + Other comments
1. Clarify the objective of equity funding and update guidance material and reporting requirements to consistently reflect this objective.	L&HP (SSR)	EFG (Director, National)	Supported.	<p>The Department welcomes the opportunity to clarify this objective through the implementation of meaningful and manageable policy for schools. It is recognised that equity funding is life changing for students in our schools.</p> <p>The Department will provide stronger direction through a clear policy on needs-based funding expenditure linked to the school plan and improved reporting options at both the school and system levels.</p> <p>The Department is developing a needs-based funding evaluation framework to support the tracking of school and student outcomes resulting from the effective use of needs-based funding. The evaluation framework will identify and inform the future delivery of resources to schools, professional learning requirements of principals and school leaders, and the clarification of accountability requirements.</p> <p>The Department will determine a consistent view of the objectives for the use of equity funding. These will be communicated to schools through school planning resources, and policy and accountability requirements.</p> <p>The Department will continue to develop and deliver appropriate examples of effective practice that demonstrate the impact on student learning and include details of improvement measures.</p> <p>Recommendations linked to Aboriginal student equity funding are to be co-designed with key NSW AECG Inc.</p>

Recommendations - By April 2021, the Department of Education should:	Lead area	With input from	Support/Not supported. If not, please advise why	Action to implement + Other comments
2. Better integrate equity funding into school planning and reporting by:				
a) supporting schools to set consistent measures and targets for improving educational outcomes for each equity group	SOAP	Ed Services (CESE, L&T)	Supported in principle	<p>The Department has set targets at a school level for all appropriate student groups based on available system level data. This includes school level targets for expected growth (reading and numeracy) which cut across all equity groups, and Principal Network targets for HSC attainment of Aboriginal students.</p> <p>Schools can also set targets at the local level to monitor and track student learning, including through individual student learning plans.</p> <p>As part of the Disability Strategy launched in 2018, the Department is working to strengthen the outcomes measures for students with disability in NSW. This work is drawing upon international evidence of how to find appropriate and inclusive methods for measuring student progress.</p> <p>In line with the NSW Government announcement on reforming Local Schools, Local Decisions (5 March 2020), further consultation on relevant targets for schools, informing broader reform of Local Schools, Local Decisions, will be undertaken in 2020. Further measures will be considered as part of this process, for schools of sufficient size where outcomes can be reliably measured.</p>
b) providing schools with a four-year projection of funding for each equity group based on past enrolment trends	Finance	SSR (projections modelling)	Supported in principle	<p>The Department is committed to providing certainty about funding linked to the school planning cycle. The Department will construct and provide explicit instructions to schools regarding funding expectations to strategically plan for student learning needs and meeting identified targets.</p> <p>There will be greater oversight over the use of equity funds at both the local and system level; in cases where a school requires more guidance, the Department will support, monitor and intervene as appropriate. This will ensure the right balance between local flexibility and transparency around decision making and accountability for improving student outcomes.</p>

Recommendations - By April 2021, the Department of Education should:	Lead area	With input from	Support/Not supported. If not, please advise why	Action to implement + Other comments
c) supporting schools to implement effective strategies for community engagement on the development of the school plan priorities	Delivery Unit	L&HP (PSL and SSR – has a range of resources) L&T L&W	Supported	<p>The Department will continue to collaborate with its stakeholders to develop community consultation resources including:</p> <ul style="list-style-type: none"> <li>• guidelines that outline expectations for schools</li> <li>• examples of what can be achieved through authentic community consultation</li> <li>• suggestions to suit a range of different school contexts</li> <li>• useful resources, including rubrics</li> <li>• written, video and podcast based case studies.</li> </ul> <p>Community consultation will be included in inductions for principals and executive.</p> <p>The 'engaging and working with the community' credential will be reviewed to include more guidance on consulting with the community around school planning. The new school planning process is well underway and will include a strong focus on local community consultation focused on students and their learning needs, including the student equity groups that most require support</p>
d) requiring schools to identify how they plan to use available funding sources to meet the additional learning needs of identified equity groups and the outcomes expected.	L&HP (HP & PSL)	CESE	Supported	<p>The Department will introduce a new school planning approach, for implementation from 2021, which will outline expectations, accountability and provide schools with clear guidelines on the use of equity funding to meet the needs of students as part of an overall Strategic Improvement Plan.</p> <p>The Department will continue to support all schools to identify and use funding to best meet the learning needs of equity groups. The Department will work collaboratively with stakeholders to identify effective strategies underpinned by research and suited to a range of school settings and needs.</p> <p>School-based targets will improve line-of-sight to student outcomes for all students, further enabling an appropriate balance of support and accountability for schools.</p> <p>Alongside targeted funding for equity groups, it is expected that schools will continue to flexibly allocate additional</p>

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				resources to meet the needs of students in ways that reduce equity gaps, and that the funded projects and strategies are reflected in the school's improvement plan.
e) requiring schools to report on how they have used funding to meet the additional learning needs of identified equity groups and the outcomes that have been achieved.	L&HP (SSR)	L&HP (PSL and HP) CESE	Supported	<p>See response to 2d. Introduction of a new school plan and school-based targets will support improved reporting, as will automation of the Annual School Report, linked to the new school plan.</p> <p>In addition to these structures, the Department will undertake further work to strengthen reporting on use of equity funds.</p> <p>The Department will strengthen the capabilities of school leaders to plan for the effective use of their needs-based funding against human resources, programs and resources to enable the school to implement high impact activities that promote improved student learning and wellbeing outcomes.</p>
3. Measure and report on school and student outcomes achieved as a result of equity funding on an ongoing basis.	L&HP (SSR)	CESE L&HP (HP)	Supported in principle	<p>See response to 2e and 2d.</p> <p>At a system level, performance targets are included in the Department's business plan, and Education outcomes targets will be published in the budget papers. As noted in the audit, these include targets to reduce equity gaps for low SES and Aboriginal students.</p> <p>This recommendation will be implemented with consideration of the findings from the Report into Measurement and outcome-based funding in New South Wales schools.</p> <p>The Department has over 200 published school snapshots (examples of successful practice) on its website that capture and share outstanding practice in improving student outcomes through the delivery of programs using equity funding.</p> <p>The Department consistently reviews and updates these snapshots to provide schools with relevant and meaningful examples of outstanding practice.</p>

Recommendations - By April 2021, the Department of Education should:	Lead area	With input from	Support/Not supported. If not, please advise why	Action to implement + Other comments
				As noted in 2a, as part of the Disability Strategy launched in 2018, the Department is working to strengthen the outcomes measures for students with disability in NSW in line with international evidence. Findings from current trials will inform implementation.
4. Identify schools that have made significant and sustained improvements for specific equity groups and share better practice approaches for using equity funding.	CESE	ES L&HP (PSL and SSR-FST)	Supported	This work is already underway (see response to 3)
5. Identify schools that have not met expected growth for equity groups and provide tailored advice and support on effective approaches to lift performance.	CESE	SO&P ES	Supported in principle	The Department delivers tailored, evidence-based support for schools in key areas of school improvement (480 schools in 2019). Schools are identified for strategic services through discussions between the Director, Educational Leadership and the Service Manager in School Services; the topic and plan for support is then co-created with the principal and their leadership team, forming a service agreement agreed by all parties.  Target-setting with schools to increase line-of-sight to student outcomes will inform discussions around targeting support to areas of need in 2020. These targets include overall school performance measures, which would reflect the outcomes of all students.
6. Strengthen guidance on implementing cost-effective and educationally sound interventions that target the learning needs of equity students. For example, by expanding upon the Centre for Education Statistics and Evaluation's 2015 'What works best' publication and incorporating additional evidence.	CESE	L&HP (SSR)	Supported	The Department will develop further examples of best practice school improvement that demonstrate how schools from a range of contexts have used needs-based funding and school improvement strategies to support continuous improvement.  A range of delivery options will be considered including video and podcasts, facilitating ease of access for busy principals and school leaders.  CESE will be releasing an updated, "What Works Best" paper as well as an additional "What Works Best in Practice" paper and toolkit for teachers during the first half of 2020.

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				These resources will update the evidence and provide support to teachers and schools about practical implementation strategies for NSW classrooms. Real school examples will be provided in order that schools with similar student groups are able to see contextually relevant strategies and approaches to support improvement.
7. Better coordinate support provided to schools on community consultation, strategic planning, resource allocation and strategic financial management.	L&HP (HP)	L&HP (SSR)	Supported	The Department is refining its School Excellence cycle and is developing a comprehensive new School Excellence resource package. This includes support for schools on community consultation, strategic planning, resource allocation and strategic financial management.  The Department promotes and recognises that different school contexts and sizes require differentiated support and training to be delivered.  Principals and school leaders receive high quality support and advice through multiple channels to address reactive, complex and strategic support and mentoring needs. Initial discussions are underway to deliver a strategic support model for schools. To date the efforts of different teams are being mapped to strengthen and align our support and service delivery model.
8. Improve training and support to lift the financial management capabilities of school principals, business managers, and Directors, Educational Leadership.	Finance	L&HP (SSR – focused on strategically linking planning and budgeting)	Supported (note that this recommendation is broader than just the needs-based funding)	The Department will deliver an improved model of professional learning, training and support which will clarify the purpose of needs-based funding and bring together key requirements for schools that balance flexibility and accountability.  The Department's financial management optimisation project delivers one to one support to principals to develop financial decision making and capacity.  New and aspiring principals must complete the Strategic Financial Management credential, to strengthen and inform their understanding of the use of budget allocations, including equity funding, to improve student outcomes. This is integral to successful strategic financial management in

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				schools. Further support will be provided to assist Directors, Educational Leadership.