

Statement of Intent 2012–13



Ko te Tamaiti te Pūtake o te Kaupapa

The Child – the Heart of the Matter



**Education Review Office
Te Tari Arotake Mātauranga**

Statement of Intent 2012–13

*Presented to the House of Representatives
pursuant to section 39 of the Public Finance Act 1989*

Contents

FOREWORD FROM THE MINISTER OF EDUCATION	1
INTRODUCTION FROM THE CHIEF REVIEW OFFICER	3
STATEMENT OF RESPONSIBILITY	4
NATURE AND SCOPE OF OUR FUNCTIONS	5
Role of the Education Review Office (ERO)	5
Scope of Powers and Our Activities	5
STRATEGIC DIRECTION	7
Government and Education Sector Outcomes	7
ERO's Contribution to Education Sector Outcomes	7
ERO Outcomes and Target Audiences	8
Our Five Strategic Focus Areas	9
OPERATING INTENTIONS	13
Impact 1 – National Evaluations	13
Impact 2 – School and early childhood service reviews	16
MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT	18
ORGANISATIONAL HEALTH AND CAPABILITY	20
Departmental capital and asset management intentions	21
Procurement strategy	21
Equal employment opportunities	21
SUMMARY OF EXPENSES AND REVENUE	22
SUMMARY OF REVIEWS	23

Foreword from the Minister of Education

Our Government's goal is to ensure that all our children have a successful educational experience marked by attainment, enjoyment, a pathway to meaningful work, and the opportunity to contribute to the quality of life in Aotearoa New Zealand in the 21st century.

We want to ensure that all of our citizens have the opportunity to reach their potential and are equipped with the knowledge, values, and skills they need.

Currently, four out of five students leave school with a qualification that will allow them to move to the next step. But we are an aspirational Government and we want all students to acquire the skills needed to navigate modern society.

Over the next three years our Government's unrelenting focus is on raising achievement for all students, in particular, those groups of students who have historically been underserved by our education system: Māori, Pasifika, low socio-economic, and those with special needs.

We have a number of world class features in our education system (as the OECD recently noted "our coherent national agenda for evaluation and assessment"), and many world class practices in our learning institutions. Identifying these, as well as rigorously reporting on opportunities for improvement are key to the work of the Education Review Office. Not only do we want to be world class, I believe that we want to be a world *leading* education system. When all our learners are achieving at the same or similar levels because our system is responsive to the diverse learning needs of our equally diverse learners, then we will indeed be that world leading education system.

There is much to do. We all have different but complementary roles to play. And we share a common commitment to see all of our students achieve.

The Education Review Office plays a critical role in lifting the performance of the system by assuring the Government of quality, and the opportunity to improve. It does so with a very empowering model of supporting self review and of sustainability over time. With this approach it is growing a healthy culture of self-assessment, self-direction, creativity and innovation, professional collaboration and professional stretch. All of which is great for students, for our learning communities, and for our nation's future.

In a tightly constrained fiscal environment, it is imperative that we maximise the value from the significant investment the Government makes in education.

I look forward to the Education Review Office continuing to strengthen the capability of schools and early childhood services, targeting its review resources towards schools and kura that need additional support, and providing advice that will improve our education system. I am excited about the challenges ERO might pose through its collective insight that will influence those parts of our system that are working well to greater heights, and support improvement to those identified as requiring development.

I am satisfied that the information on future operating intentions provided by my Department in this *Statement of Intent* is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.

Whaia te iti kahurangi!

A handwritten signature in black ink that reads "Hekia Parata". The signature is written in a cursive, flowing style.

Hon Hekia Parata
Minister of Education
May 2012

Introduction from the Chief Review Officer

The Education Review Office (ERO) plays a valuable role as an agency for change in the education system. ERO has a quite specific legislative role – to review and report on the performance of schools and early childhood services. Increasingly, however, ERO regards its institutional reviews and national evaluation reports as levers for system change. ERO's findings are used by services, schools, the Ministry of Education, and other policy agencies.

Because its reviews focus on both breadth and depth, ERO can respond promptly to changes in education policies and expectations, and is well placed to support the initiatives of the Government. The recently released report from the OECD (on *Evaluation and Assessment Frameworks for Improving School Outcomes*) has helped to highlight the significance of this contribution to the sector. The challenge for ERO is to gain even greater system-level traction for this work.

Recent development of our methodology has placed an emphasis on sustainability of practice through school and service self-evaluation. Accordingly, ERO now promotes a complementary approach to evaluation. School and service self reviews complement ERO's external review, reinforcing continuous improvement.

A further strength of ERO's methodology is that it is flexible enough to take into account the individual social, cultural, and educational context of each school or service. This means that ERO review teams can identify areas which are successful, and where development and further support are needed. This enables ERO to focus its work on those learners for whom the school system has not delivered successful outcomes.

National evaluation reports will continue to be closely integrated with individual school and service reviews and the priorities of Government. These reports are significant educational evaluations on issues of national importance. They provide the Government, services, schools, and policy makers with an analysis of specific educational initiatives – with recommendations for future practice. They are read widely and in ERO's view, are a catalyst for change by helping to strengthen the policy-practice link.

ERO will continue to seek improvement to its own capability through internal review and a programme of transformation. Our aim is to maximise the value for money delivered to Government, the sector, parents and communities. And in this regard, the recent Performance Improvement Framework Review noted that ERO has set an example in the way in which it has recognised the need for transformative change directed at delivering better services for less.

Leadership at all levels and within all units of ERO is essential to sustain this effort and realise the many benefits of a long-term commitment to our children's future.



Graham Stoop
Chief Review Officer
Education Review Office
May 2012

Statement of Responsibility

In signing this statement, we acknowledge that we are responsible for the information contained in the *Statement of Intent* for the Education Review Office. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2012/13 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Graham Stoop
Chief Review Officer
Education Review Office
May 2012



James Kwing
Chief Financial Officer
Education Review Office
May 2012

Nature and Scope of our Functions

ROLE OF THE EDUCATION REVIEW OFFICE (ERO)

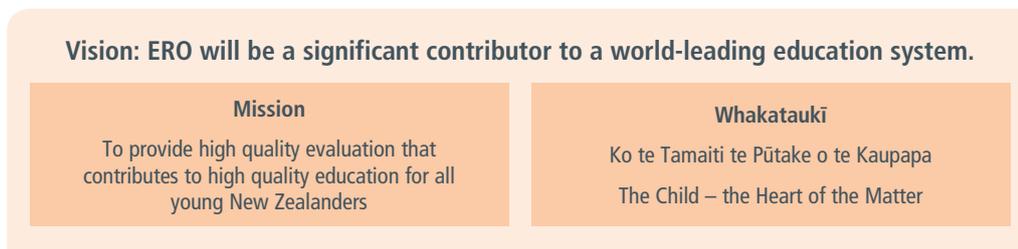
ERO is the government department that evaluates the quality of education and care in schools and services, and the implementation of Government education priorities in these sectors. Our independence from schools and services, as well as from the agencies that set the policies and standards, enables us to provide assurance to the Government of the quality of education provided.

We play a guardianship and improvement role for the sector. Our evaluation processes and reports lead to improvement at the institution and system levels. Our independence also provides an accountability lever, in that we can make authoritative judgements on action to be taken by schools, services, or interventions by the Ministry of Education.

In addition to evaluating the progress of current Government priorities, ERO informs the development of future priorities and proactively notifies the Minister of emerging issues in the sector.

Children and young people are at the heart of ERO's approach. This is reflected in our whakataukī and is the foundation for our vision and mission statement (figure 1):

Figure 1 – ERO's Vision, Mission, and Whakataukī



SCOPE OF POWERS AND OUR ACTIVITIES

Legislative authority and scope of statutory powers

The Education Review Office is a public service department established under the State Sector Act 1988. The Chief Executive of ERO is the Chief Review Officer.

Under Part 28 of the Education Act 1989 it is a function of the Chief Review Officer to administer reviews of general or particular matters about the performance of pre-tertiary education providers in relation to the educational services they provide.

The Chief Review Officer is required to carry out reviews when directed to do so by the Minister of Education. The Chief Review Officer may also initiate reviews.

Review Officers are statutory officers designated under Part 28 of the Education Act. They exercise powers of entry, investigation and reporting.

Scope of operation

A core activity of ERO in schools and early childhood services is the conduct of Accountability Reviews, which includes:

- *Education Reviews* – regularly scheduled reviews carried out in schools and services
- *Special Reviews* – carried out where a matter needs to be reviewed and reported outside of regular reviews
- *New School Assurance Reviews* – carried out to provide assurance to new school boards and their communities that the school has undertaken suitable administration processes and curriculum preparation
- *Private School Reviews* – carried out under section 35A and Part 28 of the Education Act 1989
- *Homeschooling Reviews* – reviews of programmes for students exempt from enrolment at a registered school, undertaken in the context of section 21 and Part 28 of the Education Act 1989 and at the request of the Ministry of Education
- *Post Review Assistance* – provided to early childhood services on request.

At a system level, we evaluate and report on significant and topical education issues through:

- national evaluations of education sector performance
- reports about good practice in schools and services
- evaluation reports provided for government and policy makers.

Strategic Direction

GOVERNMENT AND EDUCATION SECTOR OUTCOMES

The Government's vision for the education sector is to have *a world leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.*

The vision supports the Government's goals for:

- economic growth that delivers greater prosperity and opportunities for New Zealanders
- skills to enable citizens to reach their full potential and contribute to the economy and to society
- providing better public services by improving educational achievement, getting disengaged young people back on track and improving the lives of vulnerable children.

The Government has recognised that education is a key contributor to the Government's social and economic outcomes. As such, education will play a significant part in shaping outcomes for better public services in the next three years. These outcomes will focus on increased participation and quality in early childhood education, achievement at school, meeting the needs of businesses, and contributing to welfare reform and economic growth.

The Government's goals are designed to ensure New Zealanders receive good value from the significant investment the Government makes in education. Achievement is crucial to meeting this goal. To support this focus, education agencies will seek to lift achievement at all levels with particular emphasis on seeking a demonstrable shift in the levels of achievement by those underserved by the education system.

The following education sector outcomes provide a common direction and purpose:

1. Education provision of increasing quality and value to all
2. Education success for every learner
3. Future focused education, which supports productivity and innovation
4. Higher returns on education investment
5. Improving outcomes for priority groups (Māori learners, Pacific learners, learners with special education needs, learners from low socio-economic backgrounds).

ERO'S CONTRIBUTION TO EDUCATION SECTOR OUTCOMES

ERO contributes to the education sector outcomes through evaluations that support change and improvement in the sector.

Through our evaluation processes, we are able to make a vital contribution to the strategic leadership of education. Our analysis and the information that we provide is used to increasingly shape thinking about future policy and operational strategy. ERO also acts as an alert system to the Minister and Ministry of Education. As part of our review cycles, we can immediately notify any schools or services of concern and ensure that support is targeted as needed.

In addition, ERO works collaboratively with the other six agencies in the education sector.¹ Cross-agency activity will be represented in the work of the Education Sector Leadership Group, memoranda of understanding between ERO and the education agencies (such as the New Zealand Qualifications Authority), and liaison meetings at national and regional levels.

Labour market and skills

ERO is also a member of the Government’s Labour and Market skills cluster, looking at improving the quality and coordination of the delivery of Government services. Through our evaluation skills and position in the sector, we will be using our information and analysis to inform the progress of:

- New Zealanders having the skills to succeed
- Businesses having the skills that they need.

ERO OUTCOMES AND TARGET AUDIENCES

Providing early childhood and school education involves many participants and each has a distinct role that is crucial to improving New Zealand’s education system. The quality of the governance of schools and early childhood services, the quality of leadership and teaching, the role of parents and whānau in nurturing their children’s learning, and appropriate and well implemented education policy, all contribute to improved educational outcomes.

For this reason, ERO’s work is coordinated with its target audiences to achieve the following outcomes:

	OUTPUTS/ IMPACT		TARGET AUDIENCES		ERO OUTCOMES
ERO DELIVERS...	<i>national evaluations that influence the national debate and inform the development of policy and strategy (impact 1)</i> <i>accountability reviews that focus on improving self-review capacity (impact 2)</i>	SO THAT...	<i>government agencies</i> <i>schools and early childhood services</i>	CAN...	<i>put in place policies and strategies, and focus resources on areas of high priority</i> <i>improve their governance, leadership, and teaching and learning practices</i>

Additionally, parents, whānau, iwi, hapū, and communities use ERO’s evaluations to play a more active part in their children’s education.

¹ The six other agencies are the Ministry of Education, Careers New Zealand, Tertiary Education Commission, New Zealand Qualifications Authority, New Zealand Teachers Council, and Education New Zealand.

OUR FIVE STRATEGIC FOCUS AREAS

Over more than 20 years of ERO's existence, the agency has moved from a focus on accountability and compliance to one of improvement, and an emphasis on sustainability of practice through self-evaluation. This new focus has seen us refine our methodology in the last three years and implement some key changes to our operating model to better support the Government's priorities.

As a part of this refocused approach, ERO has a number of initiatives underway to guide its strategic focus in the medium term. These are to:

- increase evaluation capacity in the sector (through self-review complementarity)
- increase the flexibility of the review methodology (through differentiated reviews)
- focus reviews on education success for Māori
- align the national evaluation programme to the priorities of Government
- redesign ERO's early childhood services review methodology.

These priorities aim to improve capability, self review, and sustained good performance in schools and early childhood services, and will help the Government to assess the impact and outcomes of government education policy. The recently released reports from the OECD (*Evaluation and Assessment Frameworks for Improving School Outcomes*) and the State Services Commission (*Assessment on the Performance of ERO using the Performance Improvement Framework*) will help guide us in the further development of this work.

Self-review complementarity

ERO's evaluation approach is designed to make schools' self reviews and ERO's external reviews more *complementary*. Each review investigates how the school uses its self-review processes to set priorities, make and implement strategic decisions and to monitor its efforts towards continuous improvement. Specifically, ERO evaluates how each school uses self review to develop its curriculum and to promote the learning, engagement, progress and achievement of its students. Our complementary evaluation approach will assist schools to build leadership capacity and to use self review to raise the educational performance of their students.

Differentiated reviews

We have also introduced differentiated review methodologies that take account of each school's context and capability, and use the quality of school self review as a critical factor in determining how soon a return visit should be scheduled. Each ERO report informs a school when they can expect their next review – over the course of one-to-two years (where there are issues to be addressed and school self review is ineffective), in three years (where there are no material concerns), or in four-to-five years (if the school has effective self-review processes and meets all the criteria that would indicate it is a consistently high performing school).

Our differentiated review cycle allows us to focus greater attention on schools where students are not progressing and achieving well. The flexibility of the review cycle allows for longer intervals between reviews where the performance of a school is of a very

good quality and likely to be sustained. This targeted approach to evaluation supports the Government's value for money focus, by ensuring resources are focused on those schools that need the most support, while increasing self accountability and continuous improvement across the sector.

Promoting Māori success

He Toa Takitini is ERO's capability strategy to support the education sector's themes of engagement, participation and raising achievement for Māori students. We have developed a work programme that promotes Māori input and reinforces its commitment to upholding the principles of the Treaty of Waitangi. Included in ERO's initiatives are strategies to build ERO's internal capability, and to use ERO's partnerships and relationships to build the evaluation capacity of Māori and the sector.

We are also revising our approach to evaluating how effectively schools promote success for Māori. ERO considers that no school can be regarded as high performing unless there is evidence that Māori learners are actively engaged in their learning, are progressing very well and succeeding as Māori. In early childhood settings ERO will review how well services promote participation and engagement of Māori children and whānau.

Aligning the national evaluation programme

By seamlessly integrating national reporting priorities with its evaluation processes, ERO is well positioned to report on the implementation of current education priorities and to provide information to inform future policy development.

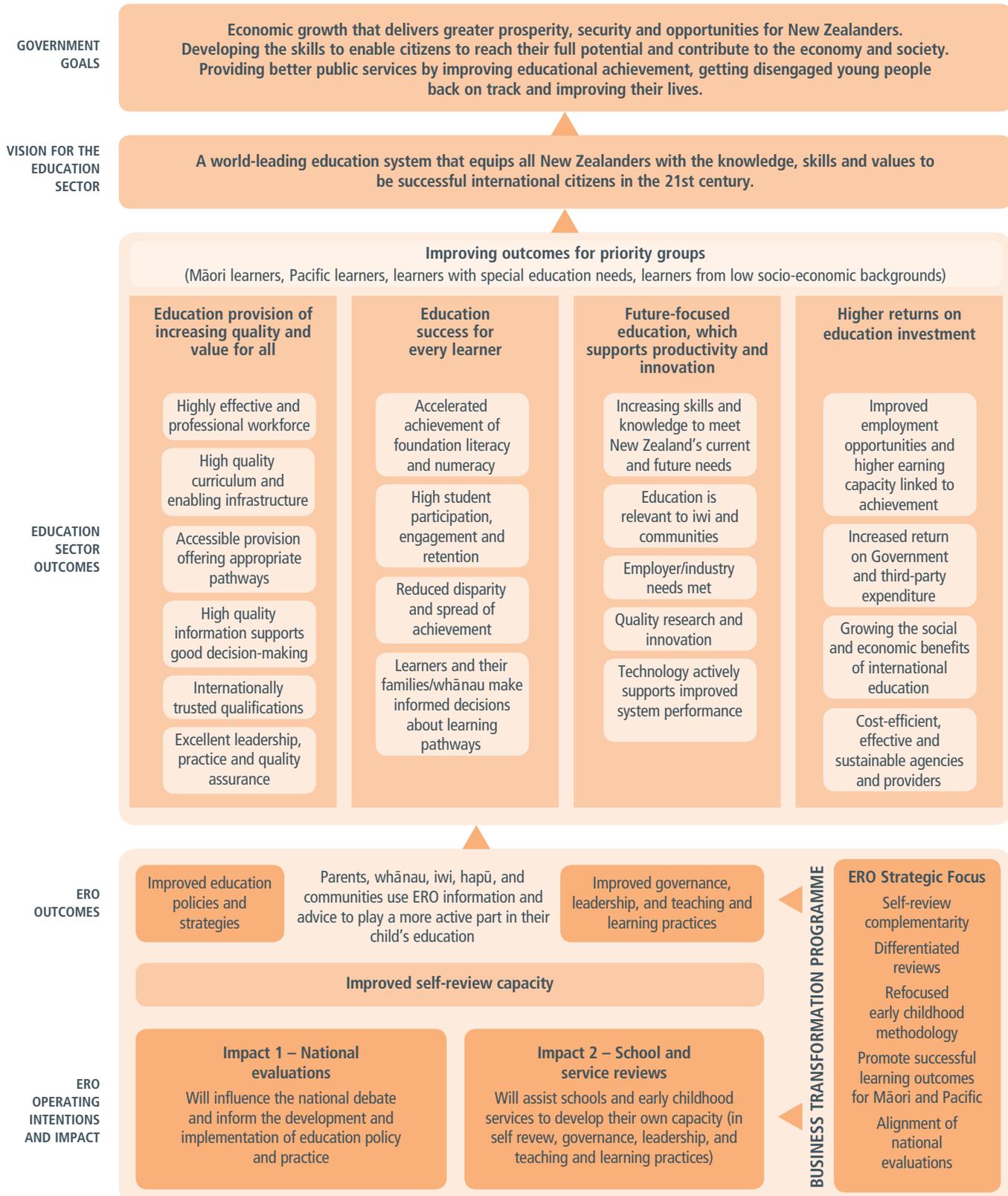
Early childhood services methodology

We are working on redesigning our early childhood services review methodology. The first step in this process was to update our Evaluation Indicators for Reviews in Early Childhood Services. The next stage in the project is to develop the methodology for reviewing in services, reflecting and building on the service's self review. This project is expected to be completed in 2012.

Our new methodology for early childhood services reviews will ensure that our resources are used efficiently and effectively in a growing sector and will build on the methodology work we have already undertaken to improve our reviews of schools.

ERO'S CONTRIBUTION TO EDUCATION PRIORITIES

Figure 2: How ERO will contribute to the Government's priorities.



Value for money

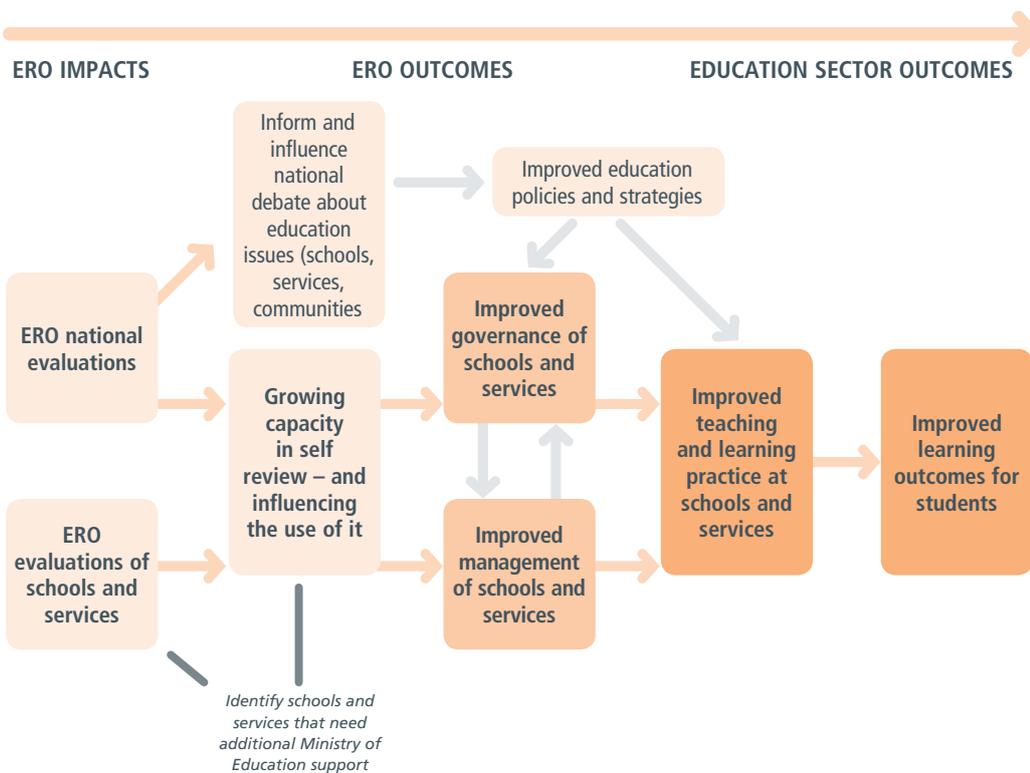
Our refocused approach has already increased the flexibility of our review processes and helped keep ERO within a reducing baseline. This value for money focus will continue to be reflected in a programme of transformation and will help us to meet our efficiency savings targets for 2012/13 and beyond.

Operating Intentions

INTERVENTION LOGIC

The following intervention logic demonstrates the relationships and links between ERO’s evaluations and the desired results (figure 3).

Figure 3 – Intervention Logic



IMPACT 1 – NATIONAL EVALUATIONS

What are we seeking to achieve?

ERO’s system-wide evaluations will influence and advise on the development and implementation of education policy and practice.

The aggregation and analysis of national review data gives us an opportunity to provide a broader independent picture of the topical issues, initiatives or policies of interest to the sector and Government.

How will we demonstrate success?

ERO's national evaluations are intended to promote debate and influence change to the education system. National evaluations and reports of good practice will add value to the sector's policy decision-making processes when:

- there is evidence that they are used by the Ministry of Education and other government agencies to inform policy and establish priorities for the education sector; and
- there is evidence that they are used by schools and early childhood services to inform their own practice.

IMPACT MEASURES AND TARGETS	2014/15 Forecast	2013/14 Forecast	2012/13 Forecast	2011/12 Estimated Actual for Baseline	2010/11 Actual
% of reports (or work) used to inform policy development at the Ministry of Education	80–100%	80–100%	80–100%	80–100%	Not assessed
% of reports (or work) used to establish priorities for the sector	80–100%	80–100%	80–100%	80–100%	Not assessed
% of reports (or work) used by schools and early childhood services to inform their own practice	80–100%	80–100%	80–100%	80–100%	Not assessed

All reports will be topical, timely, and consistent with the Government's priorities for education. They will help the Government to target resources and interventions to areas of poor performance.

To help assess the effectiveness we will also collect feedback on the use of ERO's evaluations and findings by the Ministry of Education, and by schools and early childhood services.

Use of ERO's evaluations by the Ministry of Education

A 2011 study of the Ministry of Education's use of ERO's national evaluation reports and policy information found that these are regarded as independent, credible and useful. In particular, ERO's evaluations were founded on an in-depth understanding of both the education environment and the role of government. Ministry of Education officials confidently used ERO's evaluations and advice for policy development and briefings, planning and the design of professional development for the education sector.

Use of ERO's evaluation reports and findings by schools and services

ERO collected data on the use of ERO's evaluation reports and findings by schools in 2009/10. A further study will be undertaken in 2012/13.

During 2012 we are gathering data on the use of ERO's evaluation reports and findings by services. Evidence to date is that these reports are highly valued by the sector, and the findings are well used by services to review and improve their own performance. The

self-review tools and exemplars of good practice, provided through national reports, are particularly appreciated by the sector and also used by those providing teacher education and professional learning programmes.

What will we do to achieve this?

In the next three years ERO will evaluate and report on the effectiveness of specific education strategies intended to advance national education priorities, and to create a 21st century education system.

In particular we will focus on:

- the extent that services are providing high quality education outcomes for all children; and their effectiveness in lifting the participation rate of those groups currently under-represented
- the impact of system mechanisms such as funding, regulation and licensing on participation and quality in early childhood services
- the quality of transitions between early childhood and schools, including how outcomes for children in services provide sound foundations for ongoing learning
- how well schools are focusing on lifting the outcomes for priority groups of learners – Māori, Pacific, learners with special education needs, and those from low socio-economic backgrounds
- how well schools are using assessment for learning, both in the classroom and in their use and analysis of national standards and qualifications for educational improvement
- how well schools are reviewing their own performance, particularly their use of evidence to inform more effective teaching practices and teaching innovation, both within and between schools
- how well schools take up opportunities that will be provided by the National Network for Learning to enhance teaching and learning effectiveness and innovation
- the impact of sector strategies aimed at enhancing students' attainment of skills needed to prosper in the economy, in particular those students who have been traditionally less well served
- the senior secondary school-tertiary interface, focusing on programmes developed to support young people in their transition from compulsory education to tertiary education, training and employment
- the quality of education received by international students enrolled in New Zealand schools
- the performance of systems in the school that support teachers in the classroom.

We will continue to work closely with the Ministry of Education and government agencies to develop well focused national evaluations that will be useful and add value to the education sector. ERO will also inform policy development in these government agencies by:

- providing contractual evaluation services under agreed terms of reference
- producing timely policy information
- producing reports of good practice and self-review tools.

ERO's national evaluations and reports of good practice will also be made available to parents, whānau Māori, iwi, diverse communities and education professionals – to raise their understanding and awareness of education issues and support practice.

IMPACT 2 – SCHOOL AND EARLY CHILDHOOD SERVICE REVIEWS

What are we seeking to achieve?

ERO will provide reviews of schools and services that will support them to improve their own capacity (in self review, governance and leadership), leading to improved teaching and learning practices.

How will we demonstrate success?

ERO's evaluations and reports will have contributed to improvements in the education system when:

- there is evidence that schools and services have used the evaluation process to review and improve their practice – with specific emphasis on the quality of teaching and learning
- there is evidence that schools and services have used the evaluation process to improve education and promote success for students at risk of underachieving
- there is evidence that schools and services use self review to improve achievement.

To assess the impact of our reviews, we survey schools and services to determine that actions have been taken on our recommendations and how the evaluation process has contributed to improvements in their own practice.

We also monitor the review cycle and determine the percentage of schools that are positioned in each cycle. The review cycle provides an indication of the relative success to which schools are using self review to improve their practice. For example, a school will not be placed on the four-to-five year review cycle unless it has clearly demonstrated the capacity to promote success for all students at risk of underachieving.

IMPACT MEASURES AND TARGETS		2014/15 Forecast	2013/14 Forecast	2012/13 Forecast	2011/12 Estimated Actual	2010/11 Actual
80% of institutions evaluated will have used ERO's evaluation process to make improvements	Schools/ Services	80%+	80%+	80%+	80%+	achieved
An increase in the % of schools that move onto the 4–5 year review cycle²		18%	17%	16%	15%	Not assessed
An increase in the % of schools (previously on the 1–2 year review cycle) that move to the 3 year review cycle³		5% improvement (aim)	5% improvement (aim)	Establish baseline	Not assessed	Not assessed

2 The 4–5 year return category (Arotake Paehiranga) was introduced in 2010/11 as part of the refocused methodology and describes those schools who can consistently demonstrate sustained effective student learning – engagement, progress and achievement. This provides an indication that schools are successfully using self review to improve their capacity for ongoing improvement.

3 The 3 year return category (Arotake Paerewa) was introduced in 2010/11 and describes those schools that have established effective processes for self review and student learning – engagement, progress and achievement.

Further measures of the effectiveness of ERO's review processes on early childhood services are expected to be developed as part of the project work on the early childhood services review methodology.

As ERO progressively undertakes return visits to the same school under the new review methodology, we expect to be able to gauge the level of self-improvement (including governance and management) at each school. Therefore, we will be developing further measures in this area in the next 12 months.

What will we do to achieve this?

ERO expects to review approximately one-third of all schools and services each year. Reports on schools and services will be made available to parents, whānau, iwi and communities. Through these reports ERO encourages their interest and participation in their children's schools and services. Additionally, we will continue to make changes to our format for review reports to increase usability for parents, whānau, iwi and communities.

We will also act as an early alert system for schools or services of concern. This will include regular liaison with the Ministry of Education and other agencies, and immediate notification where issues are identified.

In the course of its work ERO will take into account that:

- for the review process and reports to have the desired impact, schools and services must use them to make improvements
- review resources will be increasingly targeted to schools requiring support and assistance to raise student achievement and success for all learners
- ERO has a reduced budget and this is not expected to increase in the forecast period – further savings will have to be made, while at the same time maintaining review levels.

Cost-effectiveness

Demonstrating a cost-effective service is important to ERO. At a time when the sector is anticipating a four percent growth in the number of pre-tertiary education providers in the forecast period, we aim to retain our review frequency (one-third of schools and early childhood services reviewed annually) and high effectiveness rating (80 percent), while maintaining and/or reducing our service cost and input levels over the medium term.

The following table describes the measures and targets used to assess our cost-effectiveness.

IMPACT MEASURES AND TARGETS		2014/15 Forecast	2013/14 Forecast	2012/13 Forecast	2011/12 Estimated Actual	2010/11 Actual
# of reviews	Schools	710–840	710–840	710–840	710–840	807
	Services	1,300–1,460	1,300–1,460	1,300–1,460	1,240–1,400	1,265
Frequency of reviews	Schools and services	33% (target)	33% (target)	33% (target)	33% (target)	33% (achieved)
Cost (\$000)	Schools	13,852	13,971	14,046	15,120	15,518
	Services	10,463	10,461	10,382	9,672	9,653
# Review staff (FTE)		139	141	143	144	145

Managing in a Changeable Operating Environment

The current environment

There is pressure on the education sector to improve the performance of the entire education system. ERO recognises that better student performance will be enhanced by all education agencies working in partnership to remedy key problems in the system. We will continue to develop relationships within the sector and contribute to cross-sector initiatives.

The public and the Government will demand further improvements in educational achievement for key target groups such as Māori and Pacific students. This means we will need to continue to look for opportunities to successfully generate and support change in schools and early childhood services.

At the same time ERO will face continued fiscal restraint alongside an increased demand for early childhood services. We will need to continue to be flexible and to adapt our own systems to meet this increased workload.

Transforming ERO's business

ERO is currently mid-way through an organisational change process. We have implemented a business transformation programme to capture the initiatives underway to support change to the sector. The programme covers the work on our review methodologies and the alignment needed between our operating model and business processes to support the development of those methodologies. Ensuring value for money underpins the entire programme.

In 2011, ERO was formally assessed by the State Services Commission using the State Sector's Performance Improvement Framework (PIF).

The PIF review has provided a clear evaluation of our progress. As well as much praise and identification of strengths, there is also a clear identification of work in progress and results still to be achieved. Significantly, the PIF review recognised the clarity of the vision ERO is striving to achieve.

We complemented this review with an internal self-assessment. The self-review findings were well aligned with the external review.

In response to the PIF report's recommendations, we have developed an action plan which has been incorporated into the business transformation programme.

Internal evaluation

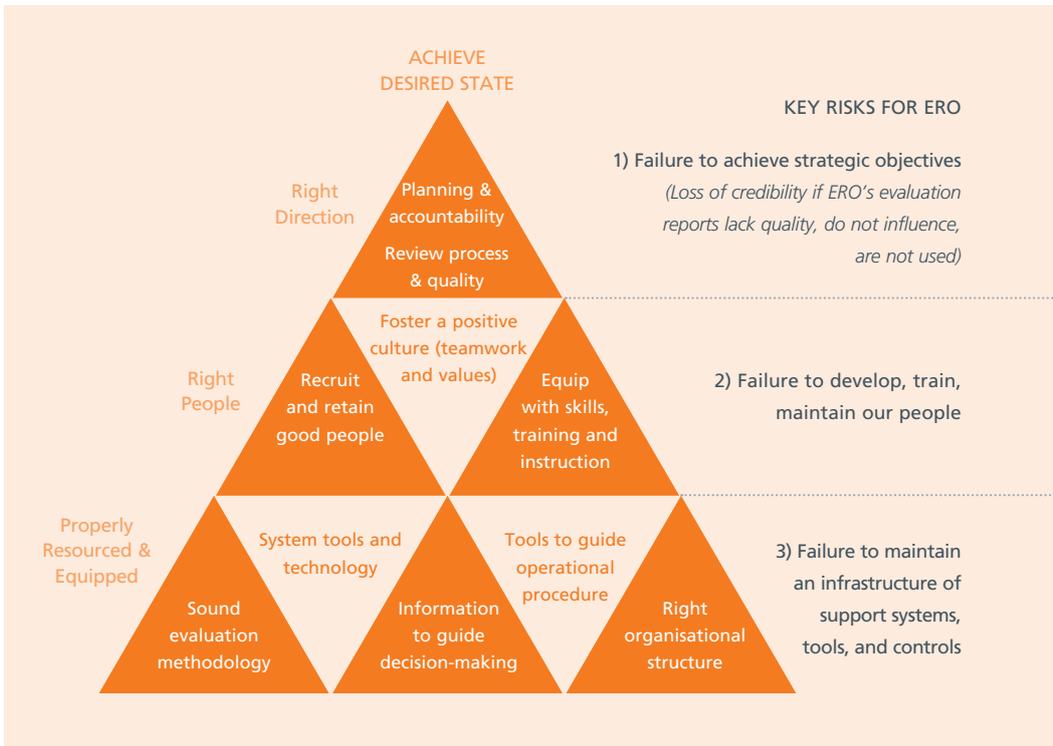
ERO continues to be active in evaluating its own performance. An internal evaluation programme commenced in 2011 and aims to increase ERO's own capacity to deliver valued and effective evaluation processes. This programme is ongoing.

Risk and assurance

The quality of our reports and their impact on the target audiences are our key strategic and business risks.

A Risk and Assurance Model (figure 4) identifies and mitigates potential risks that could affect the achievement of our objectives, and promotes internal business improvement. An integral part of the Model is the regular engagement with ERO’s audiences to identify their expectations. Well-trained employees, supplied with the necessary tools and equipment, are essential to our ability to deliver high quality evaluation services.

Figure 4: ERO Model for Risk and Assurance



An independent Risk and Assurance Committee, with internal and external members, reports to the Chief Review Officer. The committee delivers an opinion to the Chief Review Officer on the discharge of risk and assurance activities, and the progress of performance against ERO’s medium-term objectives.

ERO will assess its reviews to give the Chief Review Officer assurance that they meet the required standards.

Organisational Health and Capability

ERO is committed to delivering a responsive and valued service to the Government and New Zealanders. Our organisational health and capability initiatives in the next three years will continue to focus on building our capacity to deliver our refocused review methodologies, while maintaining an effective and efficient operation.

To achieve our objectives, we will maintain a high level of engagement with staff and continue to develop a culture that is participatory, collaborative and high trust. Staff participated in ERO's third engagement survey in March/April 2011 which showed modest improvements to staff engagement and satisfaction. A fourth engagement survey was held in March/April 2012. Managers and staff are working through action plans to address the survey findings.

To support the desired culture ERO needs skilled education evaluators complemented by good quality managers and support staff who are committed to ERO's goals. To retain high standards we will:

- continue to focus initiatives to enhance our leadership capability across the organisation
- maintain a rigorous recruitment process (supplementing our mix of experienced and newly recruited review officers with practitioners seconded from the education sector)
- continue to implement He Toa Takitini – a development programme designed to strengthen staff abilities through knowledgeable reviewing and reporting of Māori student success
- keep to the forefront of public trust by improving staff understanding of, and adherence to, the State Services Commission's standards of integrity and conduct.

Professional learning and development programme

To support the implementation of the refocused methodologies, we have a robust professional learning and development programme. This focuses professional development on knowledge of evaluation and self review and keeping staff up to date with developments in effective teaching practice, assessment, the curriculum, and management in schools. The programme will continue through 2012 and will support the review officers with changing practice.

Efficient and effective operation

ERO is aware of the economic challenges faced by the Government and will continue to put in place proactive measures to manage its fiscal pressures. So that we can continue to operate effectively within our baseline, amid rising costs, planned initiatives include:

- the implementation of our refocused methodologies for schools and services
- improved expenditure in the use of facilities and equipment and opportunities for shared services (such as All-of-Government procurement reforms).

While maintaining an effective and efficient operation ERO will also proactively act on the requirements and expectations of the public. As part of initiatives to increase responsiveness and customer interaction through the use of simple and effective communications, we will:

- implement a cohesive communications strategy covering both internal and external communications. In particular, this strategy will support our aim of better leveraging our national evaluation reports to maximise their influence on the education sector.
- implement further improvements to the ERO website to increase public awareness and understanding of ERO's work.

DEPARTMENTAL CAPITAL AND ASSET MANAGEMENT INTENTIONS

The major capital investment planned for 2012/13 is for motor vehicles, computer equipment and office accommodation. These are essential to the effective deployment of review staff.

2012/13 Forecast Capital Expenditure and Comparisons with Previous Financial Years

Department Capital Expenditure	Forecast 2012/13 \$000	Estimated Actual 2011/12 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000	Actual 2008/09 \$000	Actual 2007/08 \$000	Actual 2006/07 \$000
Office plant and equipment	949	1,054	1,397	1,302	1,081	1,190	658
Intangibles	51	327	373	390	575	12	78
Total	1,000	1,381	1,770	1,692	1,656	1,202	736

PROCUREMENT STRATEGY

Consistent with the Government's procurement policies, ERO will be guided by the following principles:

- best value for money over whole of life
- open and effective competition
- requiring sustainably produced goods and services wherever possible, having regard to economic, environmental and social impacts over their life cycle.

EQUAL EMPLOYMENT OPPORTUNITIES

In line with the *New Zealand Public Service Equal Employment Opportunities Policy*, ERO will:

- treat people fairly and with respect, ensuring equality of access to opportunities (*equality*)
- understand, appreciate and realise the benefits of individual differences (*diversity*).

SUMMARY OF EXPENSES AND REVENUE

E.39 SOI (2012–13)

STATEMENT OF INTENT 2012–13

PAGE 22

Summary of Expenses and Revenue

	2012/13	2011/12	
	Budget \$000	Budgeted \$000	Estimated Actual \$000
<i>Total Appropriation</i>			
Early Childhood Education Services	10,620	9,910	9,910
Schools and Other Education Service Providers	14,223	15,693	15,318
Quality of Education Reports and Services	3,169	3,375	3,348
<i>Revenue from the Crown</i>			
Early Childhood Education Services	10,608	9,794	9,794
Schools and Other Education Service Providers	14,082	15,397	15,397
Quality of Education Reports and Services	2,708	2,642	2,642
<i>Revenue from Others</i>			
Early Childhood Education Services	12	116	119
Schools and Other Education Service Providers	141	296	294
Quality of Education Reports and Services	461	733	532

In addition to Crown revenue, ERO provides contract-based services to third parties on a fee-for-service basis and generates a small amount of revenue from rent recoveries. ERO also receives funding for the state sector retirement and KiwiSaver schemes, but this funding will cease in 2012/13.

Summary of Reviews

	2012/13 Estimated Quantity	2011/12 Estimated Quantity
Number of early childhood services education reviews	1,300–1,460	1,240–1,400
Number of state schools education reviews	710–840	710–840
Number of homeschooling education reviews	25–35	25–35
Number of private school education reviews	15–25	15–25
Number of national evaluations	Up to 20	Up to 20

In its drive to improve the efficiency and effectiveness of the public sector, the Government is identifying and integrating similar or related services. Education sector agencies have been working together for some time using a range of shared services and will continue to identify opportunities to continue this on a sector and All-of-Government basis.



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