
PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the Education Review Office (ERO)

MAY 2012

State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

Lead Reviewers' Acknowledgement

As Lead Reviewers for this Performance Improvement Framework Review for the Education Review Office (ERO) we would like to acknowledge the thoughtful and generous input made by ERO staff and the senior management team. In addition, we had considerable input from a cross section of ERO's external partners and stakeholders. We also had the benefit of input from officials from the Department of the Prime Minister and Cabinet, the State Services Commission (SSC) and the Treasury, and excellent support during our review.

**Performance Improvement Framework
Formal Review: Education Review Office**

**State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet
Wellington, New Zealand**

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AGENCY'S RESPONSE

The Education Review Office (ERO) is currently part way through an organisational change process. This Performance Improvement Framework (PIF) review has identified the clarity of the vision ERO is striving to achieve.

It recognises that ERO plays a valuable role as an agency for change in the education system. ERO has a quite specific legislative mandate – to review and report. Increasingly, however, ERO regards its institutional reviews and national evaluation reports as levers for system change. ERO seeks to have its findings used by early childhood education services, schools, the Ministry of Education and other policy agencies. The challenge, for the future, is for ERO to gain even greater system-level traction for its work.

Accordingly, ERO now promotes a complementary approach to evaluation. Service and school self review is a complementary and mutually reinforcing process. ERO now works in a way that seeks to validate and challenge the findings of services and schools.

In the compulsory sector this approach has seen ERO apply a differentiated model to reviews: high performing schools are visited less frequently than schools that are not performing well. Benchmark criteria are published so that schools understand what is expected of them. Most schools, though, are reviewed every three years. Where there is poor performance ERO now works with boards of trustees and school management to increase their own evaluation capacity.

In the early childhood education sector ERO has also commenced work on reviewing its methodology, with a view to establishing a similar differentiated model.

To support the refocused methodology, ERO has made changes to its operating model. This has included a structure based around four regions, national managers in charge of those regions and a multi-team approach to our governance structure. We have removed a layer of management and reduced our costs.

The PIF review has been timely in providing a clear evaluation of our progress. While there is much praise and identification of strengths, there is also a clear identification of work in progress and results that must still be achieved.

As an evaluation agency we have experienced firsthand the effects and impacts of an organisation under review but we have also recognised the strength of the process. The self review process was most beneficial in its own right and the complementary nature of an internal review followed by an external evaluation has strengthened our resolve to continue with this approach in our own work in schools and early childhood education services.

We accept the review findings and the following action plan seeks to use the advice of the PIF review to improve ERO's performance.

Graham Stoop

Chief Executive and Chief Review Officer

Report	ERO Response	Success will look like... (internally)	Success will look like... (externally)
<p>The Lead Reviewers suggest that ERO should refine its operating model to help staff understand it better. This includes clarifying:</p> <ul style="list-style-type: none"> • expectations of staff • individual accountabilities • decision-making boundaries. <p>The report also notes that ERO could benefit from improving some of the business processes that support the model. These include communication and getting greater effectiveness from forum meetings.</p>	<p>The Chief Review Officer accepts the recommendation.</p> <p>We will review our operating model and develop an action plan that fits with the business transformation programme currently under way. The action plan will be completed by 1 July 2012 – and implemented through 2012/2013.</p>	<ul style="list-style-type: none"> • Greater understanding about how change within ERO will occur • Improved ‘line of sight’ between our strategy and how we operate • Consistency of management practice/policy implementation across ERO 	<ul style="list-style-type: none"> • Better interactions with schools, early childhood education services and the sector
<p>The Lead Reviewers suggest that ERO should explore how a professional practice model could provide a useful framework to underpin ERO’s transformation.</p> <p>Development of a professional practice model would need to complement the operating model. It would need to be grounded within a culture of ‘professional practice’ and the agreed set of ERO Code of Conduct and expectations of review officers.</p>	<p>The Chief Review Officer welcomes the recommendation.</p> <p>To support an improved operating model, we will explore how a professional practice model will enhance our practice and capability.</p> <p>Options for the model will be explored in 2012 – with recommendations by 1 December 2012.</p> <p>These will include developing a common set of behaviours to underpin the professional practice model and that complement the existing Lominger competencies that ERO uses.</p> <p>We expect to progressively implement these actions through 2013.</p>	<ul style="list-style-type: none"> • Improved professional practice (application, delivery, reflection) • Gains from methodology changes are realised 	<ul style="list-style-type: none"> • Increased evaluation capacity (schools, early childhood education services and the sector) • Public trust/credibility • ERO is a model for professional practice in the sector

Report	ERO Response	Success will look like... (internally)	Success will look like... (externally)
<p>The Lead Reviewers suggest that ERO could increase the impact of its strategic intent by:</p> <ul style="list-style-type: none"> • forging collaboration with the education sector • exploring how it can support the cultural distinctiveness of Māori staff – to maximise their potential • clarifying ‘culture’ by agreeing to the desired collective behaviours, values, expectations and attitudes of staff in the workplace. 	<p>The Chief Review Officer accepts the recommendation and will take further proactive steps to:</p> <ul style="list-style-type: none"> • increase ERO’s leadership role in evaluation • further support the cultural distinctiveness and potential of Māori staff. <p>To explore how we could increase our influence in the sector, we will prepare a discussion paper for the Education Sector Leadership Group by 1 July 2012.</p> <p>To support the cultural distinctiveness and potential of ERO’s Māori staff, we will complete an evaluation of our Māori strategy by July 2012. Findings from the evaluation will be actioned in 2012/13.</p> <p>To clarify culture, we will analyse the results of our March 2012 Engagement Survey. We will incorporate actions to close the gaps between current culture, as shown in the Engagement Survey, and the culture required to support a professional practice model.</p>	<ul style="list-style-type: none"> • Increased value and satisfaction staff get from working for ERO • ERO can demonstrate its contribution to the education sector’s student achievement outcomes • Coordinated quality assurance 	<ul style="list-style-type: none"> • The public and education sector recognises ERO’s significant leadership in evaluation (and its increasing influence in future policy and operational strategy) • Wider demand for ERO’s resources and information

Report	ERO Response	Success will look like... (internally)	Success will look like... (externally)
<p>The Lead Reviewers suggest that ERO increases the usefulness of its institutional reports and national evaluation reports to maximise their impact on teaching and learning outcomes.</p> <p>In particular, the Lead Reviewers recommend ERO:</p> <ul style="list-style-type: none"> • changes the way it communicates the reports and their findings to make them more accessible • reviews the mix within the annual Evaluation Services plan to not only continue the current support for sector initiatives but also look for areas where there can be greater challenge to the sector and influencing Government policy • reviews the cost-effectiveness of the reviews and reports eg, impact, usefulness, using already collected information. 	<p>The Chief Review Officer accepts the recommendation.</p> <p><u>Institutional reports</u></p> <p>We will evaluate the extent to which the school and early childhood education sector reports can:</p> <ul style="list-style-type: none"> • include fuller rationale for the judgements in the reports • be made easier to read and more useful for parents/wider public (eg, plain language reporting) • ERO is currently organising ‘focus group’ discussions with parents, associations and education agencies as a means of addressing the Lead Reviewers’ comments, and making changes accordingly (2012). <p><u>National Evaluation Reports</u></p> <ul style="list-style-type: none"> • We will explore how to increase the accessibility and usefulness of our reports. (This will be included in a new communications/publications strategy for national evaluations by 1 December 2012.) • Our annual programme of national evaluations will be structured to maximise the impact and cost-effectiveness of the reports. (We will agree timelines with the Minister. We will advise the sector about the development of this programme.) • We will explore how we can make greater use of our information (database/files) to investigate key weaknesses in the education system. (ERO will undertake project work in 2012 and aim to identify actions for 2013.) 	<ul style="list-style-type: none"> • ERO responds to the needs of the Government, sector and the public 	<ul style="list-style-type: none"> • Readers of our reports can see there is a consistent basis for judgements in schools • Our national findings are used by the education sector as levers for change

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LEAD REVIEWERS' VIEW

The Education Review Office (ERO) is an important change agent and has a vital role to play in lifting student achievement in pre-tertiary education. Its reviews of school and early childhood education services, and its national evaluation reports, provide information and challenge for individual educational institutions and for policies affecting education more generally. ERO performs its review and reporting functions well and is highly regarded by stakeholders as independent, expert, nimble and credible.

We have found that in recent times ERO has responded positively to Government priorities and increased the effectiveness and efficiency of its core business. It is an agency that has a clear vision and it is an exemplar in the way it has recognised the need for transformative change directed at delivering better services for less. ERO's leadership has shown considerable courage in adopting new review methodologies aimed at lifting student achievement. We think that attention to the issues identified in this review would enable a further significant lift in ERO's performance.

Operational management

Clarity in the communication of its vision (the expression of 'what' should be achieved) has been a strength of the leadership within ERO. We think there would be considerable gains achieved through ensuring more focus on operational management – on 'how' to effectively implement and embed change of the scale implied by its vision, high-level strategies and revised methodologies. We see this as the single most important issue for ERO to address as it aims to gain even greater traction for its work.

ERO might explore the extent to which a professional practice model (as used by profession-based firms and organisations such as Child, Youth and Family, the Probation Service, law practices and consulting firms) could provide a useful framework for designing and implementing an integrated operational management model to underpin ERO's transformation. Such an approach could provide greater support to frontline managers and increase the robustness and sustainability of processes within ERO. The operational model needs to reflect the operational challenge of supporting the exercise of sound professional judgement within a highly developed review methodology.

Review consistency

ERO regards the consistency of its reports (taking the context into account) as vital for its credibility and there are both regional and national processes in place to achieve this consistency. Developing and maintaining professional competence in evaluation is a priority for professional development within ERO. Nevertheless, a number of stakeholders we spoke to considered the review outcomes still depended too much on the composition of the review team. Consistency seems to be greater within regions than between regions.

We agree it is essential for ERO's credibility that its reviews are delivering sound and measurable findings regardless of team membership. In part this might be addressed by ensuring reports clarify the reasons behind the key judgements of the review. An increased emphasis on operational and change management should ensure a more robust organisational response to support the objective of greater consistency.

In future, credibility can be expected to become even more important if, as appears likely, there is more emphasis on a variety of learning pathways. This means quality assurance will be increasingly relied on to measure the soundness of alternative providers and education pathways. We pick up this issue further on in relation to ERO responding to the future environment.

Clarity and usefulness of school/early childhood education reporting

In recent times ERO has revised the content and style of school reports to make them easier for parents to read. However, a number of parents, boards of trustees and principals we spoke to suggested ERO's reports and findings need to be clearer ('decoded'), more direct and less bland to deliver optimal results. Some felt the new style and content of school report did not contain enough information on specific strengths and weaknesses to allow parents to differentiate between schools. On the other hand, the same stakeholders also said they had noticed and appreciated ERO's recent change in the way reviews were conducted. They saw real value from a more collegial process for the school reviews, with frequent interaction between the reviewers and the school leadership during the reviews.

We agree ERO's new school reports do not contain enough information on specific strengths and weaknesses. We think it is vital that ERO rethink the content of reports and summarise key areas for improvement. This should make the reports more useful to parents and also increase confidence in the consistency of judgement across different reviews. In addition, this should assist boards of trustees to drive the necessary changes in school/early childhood education service performance.

Sector contribution

ERO has taken a number of steps to engage with other education agencies. There is joint work on sector planning and ad hoc links exist at various levels between agencies. Despite these efforts, many stakeholders see education sector agencies as operating in silos.

ERO has a critical opportunity to forge a collaborative relationship with the Ministry of Education, with the new Secretary for Education, alongside central agency colleagues, focusing on step improvements in sector-wide performance. Fresh strategic thinking and refreshed relationships are central to effective sector collaboration.

We believe much can be gained by the Chief Review Officer reaching an early agreement with the Secretary for Education on key strategic objectives in areas where the roles of ERO and the Ministry of Education are mutually supportive. This would enable strategies to be developed and implemented that align the two organisations at both national and regional levels.

ERO is promoting action to lift student achievement through its reports but a more coherent and integrated approach across the sector that identifies all the necessary actions is needed to get this desired lift in student achievement.

In essence, ERO needs to gain clear agreement and support for how it can best contribute to lifting student achievement, and work with other agencies to that end. Without that clarity there is a risk of ERO losing focus and effectiveness.

Leverage from national evaluation reports

One way ERO could improve leverage from its annual visits to around one third of all New Zealand schools and early childhood education services would be to make greater use of its database to investigate key weaknesses in the current educational system. We believe more could be done to develop a deeper understanding of the most important areas for action to lift student achievement and participation. Doing this within the existing budget would require fewer and larger studies on these critical issues and fewer small studies of transient interest. Systematic consultation with key stakeholders on the national evaluation work programme could assist this change in strategy.

There would be advantages in ERO having some independence to select these topics, in consultation with sector agencies, particularly the Ministry of Education and other education leaders. It would be worth considering arrangements to enable part of the evaluation budget to be protected for this work.

Appreciation from school principals over the content of the national reports was often accompanied by a plea for more guidance on what might be relevant for them in their schools and where in the reports to find that information. An increase in simple forms of communication, such as a short regular section in the Education Gazette, was suggested by some as a means of alerting schools to the relevance of national reports and their key findings.

Future pressures and opportunities

ERO has responded to the fiscal pressures by rethinking its school methodology and moving to differentiated reviews. A parallel process is under way for early childhood education services. This reshaping of its underlying business model means that ERO has found ways in which it should be able to be more effective in the future, with fewer resources. The gains from this change are expected to be sufficient to enable the expected growth in early childhood education services to be managed within a reduced share of the ERO budget. Delivering on this ambitious target will call on excellent change management processes and leadership.

Another long-term challenge for ERO will be to adjust to the full implications of the current strategy if the move to complementary evaluation based on self review is successful. Consideration should be given to what changes would be necessary to ERO's role, practices and competencies, as well as other changes for the education sector, to continually lift student achievement.

In the future further consideration will be required on the best way to provide quality assurance within the education sector. This issue was partially considered in the proposed merger of the New Zealand Qualifications Authority (NZQA) and ERO earlier in 2011 but at the time there was undue weight on the potential for (static) cost savings and removing duplication of back office functions.

This needs a broader consideration of savings and efficiencies. The future environment could include a radical transformation of schooling, with schools less connected than they are now to buildings and facilities. Alongside this, and certainly closely connected to any change in delivering education, is a trend to a greater variety of pathways to learning.

The critical issue we see is the potential for innovation and rethinking business processes in ways that respond to future challenges. This issue will eventually need to be considered in a wider strategic framework.

DESIRED FUTURE STATE – FOUR-YEAR ‘EXCELLENCE’ HORIZON

This section describes what ERO will look like in a future state if it has successfully transformed itself to capitalise on the opportunities identified in this Review. Its purpose is to provide management with a yardstick for judging the extent to which ERO’s proposed response is likely to be sufficient to deliver the future desired state.

That future state is based on ERO building on its current high performance and working with other sector agencies in a focused and aligned way on the education system.

Environment: Concerns over the need to lift educational achievement are likely to continue, particularly for Māori and Pacific students. This means ERO will need to continue to look for opportunities to successfully generate and support change in schools and early childhood education services. In addition, better student performance will be enhanced by all education sector agencies working in an aligned fashion to remedy key problems in the system. ERO will need to support the Ministry of Education to do this. At the same time ERO will face continued fiscal restraint, while the demand for early childhood education services is projected to grow steadily and there is likely to be demand for more varied learning pathways.

Business strategy: The business strategy is based around a professional practice approach. Increasing amounts of professional judgement are exercised within a highly developed professional practise framework in dealing with differentiated reviews, particularly with the longitudinal reviews that apply when problems are detected. There has been a fundamental shift towards placing primary weight on self review by institutions. National evaluation topics (NETs) for which reviewers collect data, are now seen as integral to the institutional review and are a lens for focusing the individual review. The future implications of the current strategy have been partially considered but need to be thought through more fully at leadership level. This includes ERO’s role in helping identify all the effects critical for better overall performance of the entire education system.

Operating model and change capability: The business strategy is currently delivered through four regional groupings and led through three national forums, which are responsible for strategy, design and practice (methodology) and operations. The future will require an overarching organisational commitment and therefore an ‘ERO Inc’ organisational operating model to underpin ERO’s core strategies to consistently lift school/ECE performance.

The critical change from current practice is that an explicit professional practice management model is in place to ensure frontline managers and staff are well supported, with more focus on the frontline (the edge) of the business where ERO has its greatest impact. ERO will be as systematic at answering the big ‘how’ question (ie, explicit focus on management of change) as it is now at asking the big ‘what’ question. Deliberate focus on ERO-wide change management by senior leaders will see ERO’s impact accelerate. Over the past couple of years ERO has shown the ability to make substantial changes. It has paid attention to many of the elements of top performance and performs well now. With attention to the particular organisational and change management issues raised above, ERO is well placed to become a comprehensively strong performer.

What success looks like:

There would be significant lifts in student achievement, particularly for Māori and Pacific people, with ERO able to demonstrate the effectiveness of its reviews and reports on these outcomes.

There would be an extremely wide demand for, and use of, ERO findings and evidence that would be made available in readily accessible forms. ERO would be looked to as the key source of information on how schools and early childhood education services perform.

Quality assurance for the education sector would be provided in a seamless way across the entire range of institutions, providing clarity about the quality of the educational services being offered.

ERO would be seen as a vital contributor, along with other education sector agencies, and a strategic leader, and its analysis and information would shape thinking about future policy and operational strategy.

ERO would also be seen as an agency looked to for its competency in systematic change management, as well as its clarity of vision, purpose and strategy.

Paula Rebstock

Lead Reviewer

Peter Bushnell

Lead Reviewer

CENTRAL AGENCIES' OVERVIEW

The Government's clear priority is to deliver better public services to New Zealanders, within a tight operating budget. Government agencies are expected to review and change how they operate to focus on the most effective and efficient use of resources and to deliver better public services to New Zealanders.

The Performance Improvement Framework (PIF) is used by a small group of respected lead reviewers to review agencies to provide insights into how well the agency is positioned for the future. Chief executives value the opportunity to engage with lead reviewers to discuss those insights, as do we.

We, as central agency chief executives, also benefit from lead reviewers' insights about the state sector and the opportunities that exist to improve its operation.

Ministers, the public and agency stakeholders are entitled to information about agency and sector performance and to know what is being done to lift that performance.

During the PIF process the Lead Reviewers asked a number of questions designed to help ERO identify where it needs to improve its performance. They then set out in their "Four Year Excellence Horizon" what ERO would look like if it was performing as an excellent organisation four years from now.

ERO plays a critical role in the delivery of improved educational outcomes for New Zealand's children and teenagers. It enhances the trust that parents and the wider public have both in the appropriate spending of public funds and in the achievement of the Government's goals across the education sector. ERO is in a unique position as a strongly performing review agency to make a real difference through its work in the pre-tertiary education sector.

This review confirms that ERO is a well-performing agency and we congratulate the Chief Review Officer and his senior leadership team on their achievements to date and their positive response to the challenge to further lift their performance identified in this report. It has also been gratifying to note that this review has been a good example of the PIF [model and reviewers] complementing an agency's own efforts to lift its performance.

From our own discussions with the Lead Reviewers during and after the review, we have recognised areas where we, as central agencies working together, need to better support ERO as an agent for strategic change. We are committed to assisting ERO and the wider education sector to deliver improved educational results of a type and at a scale that enables our society and economy to flourish.

Iain Rennie
State Services Commissioner

Gabriel Makhlouf
Secretary to the Treasury

Maarten Wevers
Chief Executive
Department of the
Prime Minister and Cabinet

SUMMARY OF RATINGS

Results

GOVERNMENT PRIORITIES	RATING
Contributing to improved literacy and numeracy	
Promoting successful learning outcomes for Maori	
Promoting successful learning outcomes for Pacific children	
Refocusing the School Review Methodology	
Refocusing the Early Childhood Education Service Methodology	

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
National Evaluation Services and Reports		
School and early childhood education service reviews and evaluation reports		
	RATING	
Regulatory impact	?	

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
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Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Vision, Strategy & Purpose	
Leadership & Governance	
Culture & Values	
Structure, Roles and Responsibilities	
Review	

EXTERNAL RELATIONSHIPS	RATING
Engagement with the Minister(s)	
Sector Contribution	
Collaboration & Partnerships with Stakeholders	
Experiences of the Public	

PEOPLE DEVELOPMENT	RATING
Leadership & Workforce Development	
Management of People Performance	
Engagement with Staff	

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
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AGENCY CONTEXT

The role of the Education Review Office (ERO) is to provide assurance to Government of the quality and effectiveness of schools and early childhood education services.

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

Under 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 by the Minister Responsible for ERO. The Chief Review Officer may also initiate reviews – ERO’s review officers are statutory officers designated under Part 28 of the Education Act 1989. They exercise powers of entry, investigation and reporting. ERO’s reviews include:

- Education Reviews – regularly scheduled reviews carried out in schools and early childhood education services
- Special Reviews – carried out where a matter needs to be reviewed and reported outside of regular reviews
- Private School Reviews – carried out under section 35A and Part 28 of the Education Act 1989 (2011)
- 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 education services on request.

At a system level, ERO reports on topical education issues through:

- national evaluations of education sector performance
- reports about good practice in schools and early childhood education services.

ERO Strategic Direction

Vision: ERO will be a significant contributor to a world-leading education system.

Mission: To provide high quality evaluation that contributes to high quality education for all young New Zealanders.

Whakatauki Ko te Tamaiti te Pūtake o te Kaupapa
The Child – the Heart of the Matter

The Government’s education sector goal 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 goal supports the Government’s vision for economic growth that delivers greater prosperity and opportunities for New Zealanders and gives all young people the skills they need to realise their potential to contribute to the economy and to society.

Along with ERO, six other agencies are directly involved in the management of education: the Ministry of Education, the New Zealand Qualifications Authority, the Tertiary Education Commission, the New Zealand Teachers Council, Careers NZ and Education New Zealand.

These agencies work towards the Government's priorities both individually and collectively.

As one of the agencies with responsibilities in pre-tertiary education, ERO is committed to building strong learning foundations for literacy and numeracy, increasing the levels of educational achievement, and maximising the value received from its services.

ERO contributes to education sector priorities through evaluations that support change and improvement at local, regional and national level.

ERO's review services, other than for Kōhanga Reo and kura kaupapa Māori, are managed by three regions: Northern (site offices in Auckland and Hamilton); Central (site offices in Napier, Whanganui and Wellington); and Southern (site offices in Christchurch and Dunedin). Review services for Kōhanga Reo and kura kaupapa Māori are carried out by Te Uepū-ā-Motu, a team of review officers with specific knowledge and skills in tikanga and te reo Māori. Pacific Language Nests are managed by a Pacific Education Unit, based in Auckland.

ERO's national evaluation services (including national evaluation reports) and corporate functions operate from ERO's corporate office in Wellington.

ERO's reports are published on its website: www.ero.govt.nz.

This Performance Improvement Framework review was initiated by the Chief Review Officer in September 2011 and conducted from November 2011.

RESULTS SECTION

Part One: Delivery of Government Priorities

This section reviews ERO’s current ability to deliver on its strategic priorities agreed with the Government. It is based on the completeness of ERO’s plans, the stage at which the priority is at and the capability and capacity of ERO to deliver on the priority. The report is also informed by consideration of identified risks.

<p>Contributing to improved literacy and numeracy</p> <p>ERO works together with other agencies to lift literacy and numeracy standards. In particular, ERO is able to provide the Government with information on how well schools are implementing national standards in literacy and numeracy and using assessment for educational improvement.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>This Government priority and the next two are all related to lifting student achievement. The comments here have relevance for all three priorities. ERO’s contribution to improved literacy and numeracy is indirectly through the ability of its reports to influence actions taken in schools and early childhood education services. ERO sees itself as an agent for change in this process. It has shown leadership and made a strong start.</p> <p>ERO has aimed for a general lift in educational performance by changing its methodology towards complementary evaluation rather than predominantly auditing, and concentrating its resources where the need is greatest with its differentiated reviews. It has generated greatest leverage in making explicit some of the expectations that have to be met for a school to be seen as a sustainably high performer.</p> <p>An indication of a return visit from ERO in four to five years is seen as a strong endorsement of the quality of that school. ERO has made it clear that a school cannot be seen as having high and sustainable performance if it does not comply with National Standards or if all of its groups of students do not achieve. This step has taken courage and leadership from ERO and is seen externally as a very powerful move that is likely to shift behaviour in ways that past reviews have failed to manage.</p> <p>The national evaluations of education sector performance and educational good practice are seen as particularly useful by Ministers and schools. The evaluations track the progress of particular priorities, such as National Standards. They can throw a powerful light on topics where the actions of schools do not match their claims. They are also often used by schools to benchmark their performance and reset expectations.</p> <p style="text-align: right;">contd...</p>

	<p>While ERO has been nimble, innovative and persistent in supporting literacy and numeracy, the new methodology needs a longer application period to be sure t it is having the intended effects on achievement. The approach seems well regarded, including by the recent OECD review of education, so the prospects are promising. Further steps seem possible, such as in the consistency of reviews and clarity of reports, as discussed in the comments on the core business. These would need to be addressed for ERO to move to a ‘strong’ rating.</p>
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Promoting successful learning outcomes for Māori
 Education sector agencies have identified the key elements of a changed educational system - one that performs for and with Māori. He Toa Takitini is ERO’s strategy to support the education sector’s themes of engagement, participation and raising achievement for Māori students.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>ERO has shown strong performance in several ways toward this priority. ERO’s strategy, He Toa Takitini, was a ‘call to action’ within the agency. It aims to build evaluation processes that help schools to promote success for Māori, build relationships in the sector and improve ERO’s internal capabilities and understanding. It encourages ERO’s people to identify with Māori and develop their own understandings of the role ERO plays in the education sector and how this role could be improved.</p> <p>ERO has worked collaboratively with the Kohanga Reo National Trust to develop the methodology for Kōhanga Reo and with Te Runanganui ō ngā Kura Kaupapa Māori ō Aotearoa on the methodology for Te Aho Matua Kura Kaupapa Māori. It is also continuing to develop relationships with iwi nationally and regionally.</p> <p>‘Success for Māori Students’ is a national evaluation topic included with all reviews. This ensures it receives full attention in every review.</p> <p>A powerful lever used by ERO has been to regard a school as high performing only if it can show its Māori students are achieving and progressing at rates similar to non-Māori at the school and to Māori nationally. ERO has held firm to this position in the face of some strong opposition, while also presenting the underlying evidence about achievement, which underpins its stance that has been persuasive to most audiences. The effectiveness of this position could be enhanced by greater clarity about how judgements will be exercised.</p> <p>The rating of strong performance is based on the comprehensiveness of the approach, through both core business and how ERO focuses and functions. This is not to say that performance is uniformly strong or that the desired results have been achieved. There is still a need to strengthen confidence and skill so that all review officers are able to operate effectively in Māori environments, including with whānau and iwi. It will also take time for the results to be seen in higher student achievement.</p>
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<p>Promoting successful learning outcomes for Pacific people</p> <p>ERO works together with other government agencies to lift education success rates for Pacific students. ERO plays its role in ensuring Pacific children and young people are able to access appropriate education services and programmes.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well-placed</p> <p>As part of every school’s education review, ERO investigates and reports on the achievement of Pacific students and what boards of trustees and school leaders have done to improve education outcomes for these students. This is one of the ongoing National Evaluation Topics (NETs) for which data are collected and which is described as one of the lenses for investigating school performance.</p> <p>One of the critical issues for decisions is whether a school is performing well and so receives a four- to five-year return review. We are advised that judgements on this would be made in a similar way as for Māori achievement (see above). This is a powerful lever to encourage schools to focus on the achievement of all students, including Pacific students.</p> <p>ERO has carried out national evaluation reports on Pacific students’ achievement (Progress in Pacific Student Achievement) as well as reports including considerations that include Pacific students (Partners in Learning series).</p> <p>ERO also has a Pacific Unit, Moana Pasefika, with national responsibilities. This unit is responsible for reviewing Pacific early childhood education services and all mainstream schools with a significant number of Pacific students. Many Pacific students attend schools in which they are not the majority. ERO’s capacity to respond to Pacific education issues has recently been reviewed – the purpose of this is to ensure that ERO had appropriate structures and strategies to respond to Pacific education needs now and in the future. A decision is under consideration to establish a manager position for a strategic overview and to ensure consistency in building capacity in the system.</p>

Refocusing the School Review Methodology

ERO has recently adopted a new evaluation approach designed to ensure schools’ self reviews and ERO’s external reviews are complementary. Each school review considers how a school uses its self review processes to set priorities, make and implement strategic decisions and monitor its efforts towards continuous improvement.

ERO has also introduced differentiated review methodologies that take account of each school’s context and capability. The differentiated approach minimises oversight from government (where schools are performing well) and provides early intervention for those schools that need to improve.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>This refocused methodology has generated far-reaching change for schools and for ERO itself. ‘Self review’ has been mandated for schools for many years without being fully utilised. The new methodology has brought that requirement to the fore and made clear the need for schools to shift focus and to increase their skills. We heard widespread support from within the sector for the change in methodology – a notable result, given how recently this change has occurred.</p> <p>For ERO it involves a quite different way of doing business that has implications throughout the agency. It requires a shift from a highly prescriptive approach, with centralised decisions on complex issues, to a more professional approach, with flexibility and authority to act if a response is needed.</p> <p>This methodology is largely developed, with some refinements of documents remaining (for high-performing schools in particular). It will take time for all schools to have gone through an external review. ERO has provided guidance booklets on the review framework and evaluation indicators to help schools understand how it will carry out its external reviews and as guidance for them in applying self review. Self review workshops were widely attended and demonstrate ERO’s willingness to help schools to make the required shifts. The emphasis on self review has been well-received by schools that see the benefits in looking at their own practices and performance in a systematic way.</p> <p>Differentiated reviews enable ERO to give greater attention to the schools with the greatest need. Feedback from the schools is appreciative of the assistance provided to enable them to remedy problems. There is still uncertainty expressed by schools over the judgements on return review timings and it would be very useful if this could be better explained in the documentation.</p> <p>The reaction from many schools is that they value the review opinions as a means of affirming what they have achieved and in providing challenges to improve. This means some schools assessed as performing to a high standard have expressed regret that they would have less frequent contact with ERO.</p> <p style="text-align: right;">contd...</p>
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	<p>Within ERO the methodology is accepted and, as might be expected with a change of this nature, a small number of staff are struggling to handle the flexibility and judgement required and the need to operate across a variety of cultural settings. Management is aware of this and action is being taken.</p> <p>One critical area for applying the methodology has been to ensure consistency taking the context into account. There appear to be differences between regions. Processes are in place for regional and national moderation. There is confidence internally that reviewers are focusing on the main topics.</p> <p>The fact that ERO has met the Government’s priority and significantly refocused what it does in a short time should be seen as strong performance to date. The commitment shown to the methodology by staff in ERO gives confidence that the performance to date will be maintained and this priority carried through to completion. Confidence in the sustainability of this progress would be higher with more explicit attention given to change management, as discussed in the section on Leadership and Governance.</p>
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Refocusing the early childhood education review methodology
 ERO has begun work on redesigning its early childhood education service review methodology to ensure that its process and resources reflect the need for improved outcomes and greater effectiveness and efficiency in this growing sector.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>This redesign project began in August 2011 and is scheduled for completion mid-2012 with rollout in the second half of the year. The project is on track to meet these deadlines.</p> <p>The objective is to redesign the early childhood education methodology and to update the framework and indicators for reviews in early childhood education services to ensure that resources are used efficiently and effectively in a growing sector. The basic approach of self review underlying the school methodology will also be applied here, along with some targeted reviewing. The project team has learnt important lessons from the school methodology review project to improve the effectiveness of its approach.</p> <p>It is too early in the redesign project to determine whether ERO will ultimately meet this Government priority. At this stage, everything seems promising. It is noteworthy that the project team has highlighted the importance of focusing on the key leadership and change management issues that need to be addressed in the implementation phase to achieve the full potential of this work. It is vital that the implementation phase be given equal emphasis to the methodology development work. The rating of ‘needing development’ reflects the early stage of this work.</p>
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RESULTS SECTION

Part Two: Delivery of Core Business

The section reviews the agency’s effectiveness and efficiency in delivering its core business. The report is based on a judgement about the current performance of the agency and the trend that it has demonstrated over the last three to four years.

<p>National Evaluation Services and Reports System-wide advice and evaluations – that influence the national debate and support the Government in the development and implementation of education policy and practice.</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed Performance Rating (Efficiency): Well placed</p> <p>ERO’s national evaluation reports provide high quality summative information for policy making and ongoing evaluative information on the effectiveness of education policies. ERO produces up to 20 national evaluation reports each year - these are distributed widely and published on its website. The reports provide robust information on National Evaluation Topics (NETs) which represent key aspects of school performance in relation to the Government’s education priorities, such as ‘Success for Māori Students’ and ‘Success for Pacific Students’.</p> <p>Recent national evaluation reports have identified significant challenges for the education sector and have also clearly demonstrated success factors for high quality education for schools, early childhood education services, Kōhanga Reo and kura kaupapa Māori regardless of type, location, decile rating or philosophy of the specific institution.</p> <p>For some reports ERO gathers information on NETS during its school/early childhood education service reviews for a specified period. Other national evaluations are undertaken using specialist teams of review officers and evaluators or are derived from deeper analysis of ERO’s evidential database. As ERO has regular access to schools and early childhood education services, it is in a very good position to evaluate and report on items of national importance in an efficient and effective manner.</p> <p>In recent times ERO has aligned its national reporting programme to support the work undertaken in the sector related to National Standards, the implementation of the New Zealand Curriculum and Māori-medium, special needs and early childhood education.</p> <p>Studies of the use of national evaluation reports, undertaken in 2009 and 2011, found that ERO provides high quality, relevant and useful information and that Ministry of Education officials use ERO evaluations and advice for policy development and briefings, resource planning and the design of professional development for the education sector.</p> <p style="text-align: right;">contd...</p>

	<p>We have found many stakeholders strongly value the leverage national evaluation reports provide to improve policy and system-level performance. Others report a range of other views on the effectiveness and efficiency of this core business.</p> <p>Some believe that national evaluation reports helpfully confirm what is already known and therefore reinforce indications of areas for improvement, while others say that the reports provide valuable context for schools to assess and benchmark their own performances. Many stakeholders could point to several influential reports that significantly improved their own performance.</p> <p>Stakeholders look to ERO to have a greater impact by communicating its findings in a clear, easy-to-digest manner and directing Principals to information that can be easily followed up. Recurring themes include the need for more pointers about where to find best practice and for more tailored presentation of key findings (eg, in the Education Gazette).</p> <p>ERO has a competitive advantage in national evaluation work because of its wider role and reputation for conducting effective and efficient school/early childhood education service reviews. It is important ERO retains this edge. To do so, the National Evaluation Unit and regional Review Services teams will need to work more collaboratively to align objectives and to further improve ERO's overall efficiency and effectiveness.</p> <p>There are opportunities for ERO to do additional evaluation work across the sector but it will need to continue to build its reputation for cost-effective evaluations to secure this. Ensuring consistently strong relationships with key Ministry of Education and other education sector partners is also essential.</p> <p>Sector partners, while recognising ERO's independence, are seeking more systematic and transparent consultation on the national evaluation services work programme before it is finalised. There is a perception that there is scope to increase the degree of challenge these reports provide and therefore the extent to which they influence direction of Government policy.</p> <p>With respect to efficiency, ERO has good information on the cost of producing this core business area, except for the share of the cost incurred by the school and early childhood education service reviewers from their part in gathering information. ERO has identified this as an area where it could usefully gather additional information.</p> <p style="text-align: right;">contd...</p>
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	<p>More importantly, ERO is aware of the need to further improve the effectiveness and efficiency of this work, which may lead it to consider doing fewer, but better targeted and more in-depth reports, which then could be leveraged more strongly in terms of impact. This is a valuable potential strategy to explore focusing, in particular, on the ability to emphasise significant issues through the education pipeline, including at critical transition points between different education sectors where potential gaps develop.</p> <p>We consider ERO’s track record of delivering value-adding reports, and its awareness of opportunities and ability to shift focus means it is well placed to take up these future opportunities.</p>
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School and early childhood education service reviews and evaluation reports
 ERO’s independent evaluations of schools and early childhood education services focus on the quality of teaching, learning, governance, self review and leadership.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed Performance Rating (Efficiency): Strong</p> <p>ERO’s evaluation processes are designed to provide assurance to the Government, parents and communities of the quality and effectiveness of schools and early childhood education services.</p> <p>Each year ERO conducts an external review for approximately one-third of the country’s schools and one-third of all licensed early childhood education services. This means that ERO delivers independent evaluation reports for over 750 schools and 1,250 early childhood education services per annum. Schools and early childhood education services are also able to refer to ERO’s resources and evaluation tools to improve their own capabilities and performance.</p> <p>ERO carries out its external reviews with reference to a Manual of Standard Procedures and a Code of Conduct. ERO recognises that having a statutory authority to enter and gather information and evidence places a substantial duty of care on its review officers. Such authority is not given lightly and while ERO places a great deal of trust in its staff, it expects an adherence to procedures and to its code and to a sound platform of evidence to support its reporting.</p> <p>To facilitate the successful conduct of reviews ERO publishes four distinct methodologies and sets of evaluation indicators — for schools, for early childhood education services, for Kōhanga Reo and for Te Aho Matua Kura Kaupapa Māori. Outcome indicators directly link what is happening in each setting to the desired outcomes (eg, measures of student engagement, achievement and progress).</p> <p style="text-align: right;">contd...</p>
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	<p>A revised Framework for School Reviews was finalised in 2011, along with a new set of Evaluation Indicators. The Framework clearly sets out ERO’s review process, the principles and guidelines for the design and conduct of reviews and the respective roles of those involved.</p> <p>Since 2009 ERO’s approach has been to improve the self review capacity of schools and early childhood education services and their ability to raise and sustain the education standards for their children.</p> <p>There is good evidence that schools and early childhood education services are using ERO’s work and information to improve their own performance. Many schools have indicated ERO interventions are useful for their own self review and were positive about the improvement in review processes, particularly in the constructive engagement of the review officers.</p> <p>The importance of consistency of approach across reviews and the capability of individual review officers was emphasised by all stakeholders. The credibility of the reviews was widely seen as most directly influenced by the capability and reputation of the review team.</p> <p>A number of the stakeholders we spoke to would like to see greater consistency across reviews. They felt review outcomes could vary considerably based on the composition of the review team. More explicit clarification of the reasons behind the judgements in each review may help deal with perceptions of inconsistency because of a lack of understanding of the reader rather than the underlying judgement of the team.</p> <p>The need for at least one member of ERO’s review team to have established expertise in the relevant sector was seen as critical and many stakeholders thought there could be more follow-up and continuity in the relationship between the review team and the school/early childhood education service being reviewed.</p> <p>ERO’s strategies on reviews have been based on the need for improved efficiency and effectiveness. Improved targeting of resource to where it can have the greatest impact on student achievement has meant that ERO operates at the transformational end of the continuum, which has delivered sustainable improvements in outcomes, at a reduced cost. The day-to-day operation of reviews is conducted with impressive efficiency.</p> <p style="text-align: right;">contd...</p>
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In the future ERO will need to increasingly focus its reviews where it can have the most influence. ERO knows it must consider the amount of time and resource it uses for early childhood education service reviews and how it can best meet the needs of this diverse and growing sector. Many stakeholders suggested ERO needs to provide some benchmarks about performance in the early childhood education arena if it is to get in front of the challenges it faces in this sector.

Also, a number of parents, boards of trustees and principals we spoke to suggest ERO's review findings need to be clearer ('decoded') and more direct to deliver optimal results. In recent times ERO's reports have been revised to be easier for parents to read. However, we have been told the new style of report is often regarded as bland and does not contain enough information on specific strengths and weaknesses to allow parents to distinguish among schools.

Notwithstanding this, the more collegial way reviews are carried out, with greater interaction between reviewers and school leadership when planning and undertaking the review, is seen as a very positive development by many schools.

Most of those we spoke to also wanted ERO to be more forthcoming about where to look for best practice. Some see the ERO review model shifting further along the continuum, away from one-off 'audits' towards a case management/professional judgement model through time as differentiated reviews and self reviews gather momentum.

ERO needs to explore the full implications of these strategies for its own operating model/strategies and required competencies. It also needs to set the pace and lead and embed any consequential change in its operating model.

ORGANISATIONAL MANAGEMENT SECTION

Part One: Leadership, Direction and Delivery

<p>Vision, Strategy & Purpose</p> <p>How well has ERO articulated its purpose, vision and strategy to its staff and stakeholders? How well does ERO consider and plan for possible changes in its purpose or role in the foreseeable future?</p>	
<p>PERFORMANCE RATING</p> <p></p>	<p>Performance Rating: Strong</p> <p>ERO developed its current Vision Statement, including its mission and whakataukī, in 2007/08. ERO staff understand and connect strongly with ERO’s vision, mission and purpose. They uphold ERO’s whakataukī – Ko te tamaiti te pūtake o te kaupapa – in their evaluation work.</p> <p>In addition, the ERO vision, mission and purpose are effectively shared with a wide range of stakeholders. This occurs as an important part of all reviews at briefings with school and early childhood education service personnel and at liaison meetings with sector groups. Key stakeholders reported strong alignment with ERO’s vision, strategy and delivery. The Government has also adopted major planks of ERO’s strategy as policy.</p> <p>While ERO has a strong current vision and many of its key strategies are clearly aligned with it, it could usefully test whether the full implications of those strategies have been recognised. Given its strategies are clearly at the transformational end of the spectrum, it will need to be highly responsive and adaptive to capture the strategies’ full potential. Indeed, these may need to be adjusted as the full impact of the business transformation unfolds.</p> <p>ERO is currently building its Performance Story and Business Transformation Picture by defining a ‘Desired State for 2013’ and the steps it is taking to get there. This should afford an opportunity to further develop a robust outcomes framework to drive strategy, ensure that key organisational decisions are based on coherent intervention logic and its business model strongly underpins its performance.</p> <p>ERO’s strategy is essentially about an agenda for change. ERO should consider the long-run ramifications if self review is successfully adopted by most schools, not just for ERO and its own practices but also for changes needed elsewhere in the education system to support continued improvement in student achievement.</p>

Leadership & Governance	
How well does the senior team provide collective leadership and direction to ERO?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>Since 2009 ERO has implemented a new regional structure and governance model. The changes were based on principles of team leadership, flexible groupings, involvement of a wide range of staff in decision-making and a closer alignment of strategy and review services. A new senior management model was adopted with the disestablishment of the Executive Management Group. It was replaced by four forums established for specific purposes: Communications, Delivery, Design and Practice and Strategy. This was subsequently reduced to three forums: Operations, Design and Practice and Strategy.</p> <p>The Chief Review Officer established the forums, to promote distributed leadership and collective responsibility. In addition to the forums, other groups such as reference groups and project teams, have been established to help inform decision making. These groups have broadened the opportunities for leadership.</p> <p>Forum members consider information and make important decisions to guide the operation and development of ERO. A questionnaire to forum members identified improvement areas, and some changes have been made. However, for some staff, there is a lack of clarity about how relevant information, and decisions made at the forums, is communicated by whom, between forums and to all of ERO's staff. This is an area for ongoing review and improvement.</p> <p>ERO shows a commitment and genuine desire to be responsive to Māori. Shortly after his appointment the Chief Review Officer responded to the need to strengthen the place of Māori within ERO. He established a Māori Reference Group that has been instrumental in developing and promoting He Toa Takitini, ERO's strategy to promote Māori identity, understanding, relationships and evaluation capacity. Staff are committed to achieving the objectives of the strategy. Currently, ERO has a review under way to evaluate the progress of achieving the aims of He Toa Takitini.</p> <p>The development of Māori leadership is an important component of the strategy. ERO is taking steps to address this with a view to providing increased opportunities for Māori to further contribute as leaders. Some staff feel there is more to be done, and ERO should consider ways to further support the cultural distinctiveness of Māori staff, to realise their potential within ERO and to contribute as Māori.</p>

<p>Culture & Values</p> <p>How well does ERO develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>ERO’s desired culture is effectively articulated, well known by staff and integrated into the core business. ERO’s Code of Conduct also echoes the organisation’s culture and values. ERO has sought to develop a culture that is participatory, high trust, collaborative and transparent. It has developed sets of regional and national values, and results from the 2011 Gallup Survey of staff suggest improving staff engagement and satisfaction and a high awareness of ERO’s mission.</p> <p>There is good alignment between ERO’s culture and values, operating model, review methodologies and the way ERO works with schools and early childhood education services. The latter consistently acknowledged the significant improvement in this respect over the last several years and the contribution this has made to ERO’s effectiveness.</p> <p>ERO’s recent engagement survey showed an increase in the number of staff actively engaged in their work. However, information from the engagement survey indicates there is further work to do to achieve the desired collective behaviours, values, expectations and attitudes of staff in the work place.</p> <p>Business units have used ERO’s principles and vision to develop values statements. Some units have collaboratively developed a set of values or kaupapa that align with ERO values. Others are continuing this work. It would now be useful for ERO to clarify expectations for the application of these values within the organisation. It would be useful for ERO to test the effectiveness of aligning values across the whole organisation, as opposed to accommodating variations across regions, teams or business units, to achieve consistent improvements across what is, in fact, a small organisation.</p> <p>A focus on the behaviours, in particular, is vital for this stage of ERO’s strategy and could be a powerful enabler of greater consistency across ERO.</p>

<p>Structure, Roles and Responsibilities</p> <p>How well does ERO ensure that its organisational planning, systems, structures and practices support delivery of Government priorities and core business?</p> <p>How well does ERO ensure that it has clear roles, responsibilities and accountabilities throughout ERO and sector?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>In 2009, ERO implemented a new regional structure and at the same time changed its governance model. As discussed earlier, the changes were based on principles of team leadership and flexible groupings, involving a wide range of staff in decision-making and closer alignment of strategy and review services. A new senior management model was adopted with the disestablishment of the Executive Management Group, which was replaced by three forums: Operations, Design and Practice and Strategy.</p> <p>ERO recognises that it would be timely and most efficient to use the information collected during its self review and from other sources such as the engagement survey and PIF, to evaluate the effectiveness of the current operating structure – and make improvements as necessary.</p> <p>We have suggested earlier in this report that in such an evaluation a number a critical issues need to be considered further. Additionally, a number of associated structure, roles and responsibility matters could be looked at. For example, the role definition of the National Managers Review Services and Review Services Manager (RSM) roles are still evolving. There is uncertainty at both levels about how and by whom certain decisions are made and about who is the ultimate arbitrator over professional practice.</p> <p>There is also considerable fragmentation across the three regions, with each region developing its own organisational strategy, priorities, region-specific values and management practices. While innovation is possible in this model, as currently operated, it does not systematically allow positive innovations to be captured, replicated and built on and then reflected in wider expectations. It also risks poor management practice at the regional level going undetected or unaddressed for significant periods. Given the significance of consistency for the agency, this is an important area for future focus.</p> <p>Finally, a widely asked question concerns the size and complexity of the Northern region, which accounts for a significant proportion of all Review Services. Given the current vacancy in the region’s National Manager role, it would be timely to unpack potential options to fully address issues.</p>

<p>Review</p> <p>How well does ERO monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>ERO continuously reviews its own performance and has developed a systematic process of monthly monitoring and regular reporting. Quarterly reports include analysis of expenditure against budget and reporting against strategic imperatives. This provides up-to-date information about progress with programmes, objectives and outputs. ERO has proactively responded to a reduced baseline while maintaining its level and quality of service delivery. It is currently reviewing its key performance measures and targets and undertaking work that will help it to tell its performance story in a more compelling way.</p> <p>ERO recognises the need to develop new measures and to challenge itself more when setting some of its performance targets. It continues to look for ways to make its own internal monitoring and review processes more effective and efficient. In 2011, the Chief Review Officer initiated work around better understanding the causal linkages between ERO’s outputs, impacts and outcomes. The aim is to better demonstrate ERO’s impact with a view to enhancing the effectiveness of its services. ERO has an opportunity to lead the public service through this initiative.</p> <p>ERO surveys recently reviewed schools and has received very positive feedback about most elements of these school reviews. It will also be developing surveying of early childhood education services following the review of its methodologies in 2011/12.</p> <p>A Risk and Assurance Committee provides the Chief Review Officer with assurance around key areas of ERO’s core business. An example of this is the <i>Evaluation of the Quality of School Reviews and Evidential Files</i>, which was completed as part of a three-year internal audit plan and provides assurance that ERO’s school reviews are meeting its quality standards. An internal evaluation function has also been established to coordinate a regular review of aspects of ERO’s work.</p> <p>Methodology developments and related professional learning and development are continuously reviewed nationally and regionally. Information is used to further refine the methodology and improve practice.</p> <p>ERO needs to consider ways to systematically develop, monitor and review its management interventions, alongside a better understanding of the organisation’s operating strategy that will best support its strategic direction.</p> <p style="text-align: right;">contd...</p>

	<p>ERO needs to test the extent to which the words in strategy documents translate into organisational action. When developing new strategic initiatives, ERO needs to be clear on the big 'how' question: How will the strategy be led and implemented in an organisational sense? 'How' the organisation leads and embeds change needs systematic focus and review to at least the same degree as the big 'what' strategy question.</p>
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ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships

Engagement with the Minister(s)	
How well does ERO provide advice and services to its Minister(s)?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>While ERO does not formally survey its Minister about satisfaction levels with its advice and services, when consulted the Minister acknowledged the timeliness and quality of ERO support and advice. Importantly, the strategic focus, vision and expertise of ERO was noted, as was the increasing confidence that Cabinet colleagues have in ERO.</p> <p>ERO’s national evaluation reports have been extremely valuable to the Government. The implementation of differentiated, longitudinal and self reviews has been challenging but is regarded by the Government as generally well handled. ERO’s advice to the Minister on decisions to intervene when there are concerns about poor school performance is highly regarded.</p> <p>The Minister noted the need for more coordination with the Ministry of Education and NZQA. The remaining silos in the sector need to be addressed. The Government recognises the rest of the sector needs access to the considerable information ERO has access to. In addition, it is increasingly looking to ERO for accurate information on how schools are progressing with student achievement.</p> <p>The Minister noted that in the future this information will mean ERO is able to be even better at identifying school improvement areas and assist in pointing schools in the right direction to gain assistance where that is required. While it was acknowledged that staff skill levels have changed with self reviews and differentiated reviews, it is likely that in the future a different type of analytical skill will be needed. The importance of increasing the consistency of reviews will require ERO to continue to invest in the competency of its reviewers.</p>

Sector Contribution How well does ERO provide leadership to, and/or support the leadership of other agencies in the sector?	
PERFORMANCE RATING 	<p>Performance Rating: Needing development</p> <p>To be successful, ERO knows that it must build on its relationships with the community, and collaborate with education and Government agencies to achieve a common vision. ERO has many strong and growing sector and agency relationships. In particular, ERO regularly liaises with key personnel and groups from across the Ministry of Education. ERO works with the Ministry of Education on many Government priorities, policy development and work programmes.</p> <p>The Ministry of Education uses ERO's findings and reports as levers to allocate resources. Schools of concern are being targeted for intervention and additional support. This is evidenced by the response of the sector to the Māori success reports, feedback from ministries/departments and international agencies.</p> <p>The Chief Review Officer meets regularly with leaders and managers from other agencies to share information about ERO's work and its evaluation capability. The National Manager Evaluation Services is further developing relationships with agencies beyond the education sector.</p> <p>Finally, ERO has also committed to a whole-of-Government approach to using shared services.</p> <p>Despite these efforts, many stakeholders see education sector agencies as operating in silos.</p> <p>Looking forward, there is a critical opportunity for ERO to forge a consistently collaborative relationship with the Ministry of Education as the new Secretary for Education, alongside central agency colleagues, focuses on step improvements in sector-wide performance.</p> <p>Fresh strategic thinking and refreshed relationships are central to effective sector collaboration. Agreeing strategic objectives at the joint chief executive officer level and then driving those strategies through each organisation will achieve stronger and faster alignment and, ultimately, outcomes, then a series of ad-hoc relationships, no matter how strong nationally and regionally.</p> <p>One issue that would benefit from a focus on sector-wide performance would be to revisit the question of how best to provide quality assurance in pre-tertiary education and at all transition points. This issue was partially considered in the merger of NZQA and ERO but there was undue weight on the potential for (static) cost savings and reductions in duplication. A more fundamental issue for future consideration is the potential for innovation and rethinking business processes in ways that respond to a future that might be radically different in the way schooling is delivered and demanded.</p>

Collaboration & Partnerships with Stakeholders How well does ERO generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>ERO has proactively sought to increase its influence through strategic partnerships and joint work programmes. Major collaborative initiatives include increasing the self review capacity and ability of schools and early childhood education providers, using ERO information and advice for more active in supporting parents and whānau in their children’s education and by putting in place policies and strategies that focus resources on the educational achievement of children, especially those at risk of underachievement.</p> <p>He Toa Takitini supports the exercise of tino rangatiratanga and sets a foundation for ERO to strengthen its own identity, understanding, capacity and relationships. A major focus is to advance Māori achievement through strengthening ERO’s partnership with iwi and the community. ERO recognises that improvements to the education system for Māori are best achieved through a participatory approach.</p> <p>ERO is recognised internationally as a leader in the evaluation of education and regularly hosts international visitors.</p> <p>In 2010 ERO redeveloped its school questionnaire to reflect changes in its methodology for reviewing schools. Overall, the findings indicate that schools are positive about ERO’s school review processes. In particular, respondents:</p> <ul style="list-style-type: none"> • were positive about the extent to which professional dialogue and ongoing discussions characterised their reviews • valued and appreciated ERO’s strengths-based approach to reviewing • found the tools ERO used and provided useful for the review and for their own self review • noted that reviewers modelled transparency • indicated they believed Māori student achievement and progress had been thoroughly reviewed in their schools. <p style="text-align: right;">contd...</p>

	<p>These responses reflect a shift to more collegial and informative relationships with schools.</p> <p>As noted previously, ERO has a well-established relationship with the Kohanga Reo National Trust and Te Runanganui ō ngā Kura Kaupapa Māori ō Aotearoa. ERO has worked collaboratively with the Trust to develop the methodology for Kohanga Reo and with Te Runanganui to develop the methodology for Te Aho Matua Kura Kaupapa Māori.</p> <p>ERO is also continuing to develop relationships with iwi nationally and regionally. For example, ERO and Ngāti Porou are sharing resources and personnel to collaboratively evaluate te reo in Ngāti Porou schools.</p> <p>A success measure of this will be that ERO has identified the need for stakeholders and agencies to better understand its independent role and to use its work for better leverage in achieving the Government's priorities.</p>
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Experiences of the Public

How well does ERO meet the public's expectations of service quality and trust?

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>Each year ERO collects feedback, using a range of survey techniques, to determine the likely impact of its reviews on schools and early childhood education services. Since 2007 ERO has received effectiveness ratings of 80%+ from recently reviewed schools and early childhood education services. The impact surveys show that these schools and services have used ERO's review processes to make improvements to student achievement, the quality of teaching and learning, governance, self review and leadership.</p> <p>ERO surveyed the public about awareness and knowledge of ERO and its performance in June 2010. This survey found that 59% of respondents had some level of awareness of ERO as an organisation (down from 68% in 2008). About 29% of those surveyed said they had a good knowledge of ERO and, of those who felt able to comment on its performance, 65% said it was "doing a good job" (up from 61% in 2008).</p> <p>Of those respondents who had some knowledge of ERO, 82% were aware that its reports on schools and early childhood education services were available for parents, teachers and the public. Significantly, those respondents who had personally read an ERO report had a more favourable view of ERO's performance overall than those who had not read one.</p> <p style="text-align: right;">contd...</p>
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	<p>In the 2010 survey 84% of those who had read an ERO report found it to be useful (81% in June 2008). The most common reasons why respondents read ERO reports included “To choose a school for my child” (31%) and “To see how my child’s school is doing” (15%). Of those respondents who said they had read an ERO report and were aware of ERO as an organisation, 46% found the report very useful and 41% fairly useful – 87% in total, which again was an improvement on previous results (source: UMR Survey).</p> <p>ERO designed a new website in 2010 to improve site performance and to make its work and evaluation reports more useful and accessible to the public. Online survey forms are now in place through its website.</p> <p>ERO does not have a lot of information to make an informed decision about what the public expects and how well it is meeting public expectations. ERO is taking further steps to learn about what the public wants through other surveys, such as Kiwis Count. (The Kiwis Count survey is designed to find out New Zealanders’ perceptions and experiences of public services and to measure the quality of services delivered by public sector organisations.)</p> <p>ERO needs to ensure its reviewers continually seek to ‘decode’ the key findings in its reports to ensure parents gain a clear picture about student achievement and other relevant factors of performance in schools and early childhood education services. ERO also needs to consider how best to ensure that parents are aware of ERO reports and what they mean. This may mean having to consider different approaches for different communities, and whether or not this means ERO takes action. Thought needs to be given to all the steps required to achieve the desired results.</p>
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ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

<p>Leadership & Workforce Development How well does ERO develop its workforce (including its leadership)? How well does ERO anticipate and respond to future capability requirements?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>ERO has recently introduced a phased professional leadership and development programme to support its methodology developments. The programme identified and established the competencies and skills needed for the effective implementation of ERO’s new school review methodology, as well as promoting an understanding of the underpinning key principles.</p> <p>Staff have been given in-depth training to increase their understanding of ERO’s new review procedures and methodology, and on the National Standards for literacy and numeracy.</p> <p>While the role of a review officer is different to a senior teacher/school manager, ERO recruits experienced staff from the education sector to maintain its credibility and reputation. About 20% of current review officers are former school principals.</p> <p>Given the tight fiscal position that is likely to continue, ERO may need to more actively use some of its current approaches, such as utilising principals who are on sabbatical and using contract reviewers for specialist expertise.</p> <p>In thinking even further ahead, ERO may need to consider ways to reinforce peer support for self review, such as facilitating formation of peer learning networks or using a lead principal role for well-performing experienced principals. Ideas such as these should be developed within the strategic conversations with the Ministry of Education and other education sector agencies about how to get maximum gains in student achievement.</p>

<p>Management of People Performance</p> <p>How well does ERO encourage high performance and continuous improvement among its workforce?</p> <p>How well does ERO deal with poor or inadequate performance?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well-placed</p> <p>ERO’s appointment process is well developed and focused on the employment of staff who have the appropriate skills, knowledge and expertise. Induction programmes have been developed for new staff and these are implemented at the national and individual unit level. In addition, ERO invests in professional learning and development for all staff through planned national and regional programmes. Professional learning and development is designed to provide staff with the necessary knowledge, skills and qualifications to do their job.</p> <p>ERO is monitoring the effectiveness of its Individual Performance and Development Plan process. The performance of each staff member is appraised annually against the core competencies for their role and any agreed individual development goals they have set and recorded in their Individual Development and Performance Plan. Review officers are appraised against a set of evaluator competencies and given regular feedback from review service managers.</p> <p>Consistency of the application of performance management of review services managers and other leaders in the organisation should be monitored and improved. Management training, competency and accountabilities that reflect the need to manage in a professional practice environment should be considered in light of further development of the agency’s organisational strategy.</p> <p>ERO’s structure is relatively flat but allows for some promotion within the organisation. Promotion to more senior positions externally from ERO is common. Staff often move to senior positions in the Ministry of Education or the teaching sector.</p> <p>Below we note some observations in the ERO self review with which we concur. ERO supports and closely coordinates attendance at a small number of leading national and international leadership, evaluation and education workshops and conferences. All review and evaluation staff, including managers, have access to membership of the Aotearoa New Zealand Evaluation Association (anzea). As members of anzea, ERO evaluators can network with other public sector evaluators and practitioners in the private sector.</p> <p style="text-align: right;">contd...</p>

ERO has worked in partnership with Massey University since 2002 to provide review staff with access to advanced study and qualifications in evaluation. A significant proportion of ERO's review and evaluation staff have taken the opportunity to develop their knowledge of theory and evaluation practice and ERO has taken advantage of this work internally. Access to this study area is valued by staff and has enhanced ERO's evaluation capability and profile. Work is under-way, in collaboration with the university, to extend the range of learning pathways.

The Individual Development Performance Management (IDPM) framework has been improved. It provides an accountability and development process for staff using core competencies and performance agreements. A key expectation of the process is that managers and staff will have shared ownership of the framework.

The IDPM process focuses on developing staff capability. It also has scope for addressing poor performance. However, some staff believe that the implementation of the IDPM process is not rigorous, meaningful or consistent for them. Furthermore, there is a perception among some staff that poor performance is not well managed and the process is not effectively promoting continuous improvement for all staff.

ERO acknowledged in its self review that further work, jointly by managers and staff, is required to ensure that implementation of IDPM is achieving its intended purpose. Consistent messaging and practice around weak or unacceptable performance needs to be addressed to secure a full return on the considerable investment ERO makes in people performance. All managers need to know they are well supported in addressing performance concerns.

Finally, as ERO continues to explore the full implications of its current strategy, further consideration will need to be given to what capabilities review officers, evaluators and analysts and their managers will need to support this direction. Coaching and change management skills will be increasingly important.

<p>Engagement with Staff How well does ERO manage its employee relations? How well does ERO develop and maintain a diverse, highly committed and engaged workforce?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>ERO’s third engagement survey in 2011 showed a small increase in staff engagement and satisfaction across most business groups. The Gallup Survey placed ERO at the 60th percentile of the New Zealand State Sector database for staff engagement.</p> <p>The Chief Review Officer has championed the participation in the engagement survey where ERO achieved among the highest participation rates in the public sector (92% for the 2011 survey). A number of teams have reached the upper two quartiles for engagement. ERO scored particularly well for ‘co-workers committed to quality work’ and ‘commitment to ERO’s mission/purpose’.</p> <p>Gallup reported that improved follow-through on action planning will drive engagement further. Survey information has been used to inform senior and middle management about staff perspectives and to plan for improvements. For example, after the 2009 survey, ERO focused on resourcing to support employees’ work, and engagement scores in this area were significantly higher in 2011. However, we concur with ERO’s observations in its self review that overall there was variable follow-up from the 2009 engagement survey. Progress, as measured by the 2011 survey, across the organisation was not as anticipated.</p> <p>Following the 2011 survey, units have shared the results with staff and some have taken a range of actions to work on key areas for improvement. Overall, ERO acknowledged in its self review that aspects of the engagement survey requiring follow-up relate to clarity of expectations, opportunities to do best work and the value placed on staff opinions.</p> <p>Managers and staff need to work together to ensure effective follow-up actions result from the outcomes of the survey.</p> <p>It would be valuable to analyse in greater detail the reasons for persistent variability in engagement scores across the organisation. We see merit in better aligning organisational culture and management strategies to consistently lift engagement levels to the level that ERO needs to underpin its ambitious vision for the organisation.</p> <p>ERO has a positive and constructive relationship with the Public Service Association. ERO’s bargaining strategy is based on its business needs and has been well managed with appropriate reference to the State Services Commission.</p> <p style="text-align: right;">contd...</p>

	<p>From here, as ERO develops its organisational strategy further, it is important its approach to lifting the consistency of staff engagement is seen as an integral part of an 'ERO Inc.' strategy. The current fragmentation in management approaches across regions and national office makes it difficult to get consistent traction in this area.</p>
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ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management

Asset Management How well does ERO manage agency and Crown assets, and ERO balance sheet, to support delivery?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well-placed</p> <p>With total fixed assets of \$3.4 million ERO is not a highly capital-intensive agency. Major areas of investment are office accommodation, motor vehicles and computer equipment, with \$1 million funding allocated each year.</p> <p>Assets are reviewed and managed in relation to their contribution to overall effectiveness and efficiency. ERO has developed a five-year accommodation strategy to reduce the cost of accommodation by managing space-per-head down to the public sector average. Offices in Nelson and Rotorua have been closed. ERO has signed up to the Government Motor Vehicle, PC and laptop contracts.</p> <p>Information technology (IT) offers some options for efficiency gains. The purchase of equipment for video-conferencing enabled some reductions in travel between different offices. Options are being developed to reduce reviewer time in the field gathering information.</p> <p>ERO's self review finds that its assets are prudently managed with resources well targeted and deployed to support delivery. We agree with that assessment.</p>

<p>Information Management</p> <p>How well does ERO utilise information and communications technologies to improve service delivery?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The approach taken toward information management within ERO has been largely transactional, responding to the identified needs of the business and delivering those services satisfactorily.</p> <p>The Information Services team manages IT support and library/records services. It is small with 7.5 full-time equivalents (FTEs) and an annual budget of under \$1 million. The Information Service unit has been responsive to business needs and introduced a range of supports, including: dealing with equipment shortages that had hindered field staff in the past, introducing an electronic document management system, video-conferencing facilities to reduce the need for travel, the scanning of invoices and is considering scanning HR documents. The team has been involved in revising processes, such as report formats and data entry to streamline the production of reports by review officers.</p> <p>ERO’s approach has been to manage within the team those things that can be done well and to look for alternative suppliers for other services. A key relationship has been developed with the Ministry of Education which hosts ERO’s website on its TKI (Te Kete Ipurangi) platform.</p> <p>The ERO self review considered that management of IT assets had improved since 2009, with resources matched innovatively to needs. We agree and think that, in addition, a more strategic approach is likely to be needed to enable ERO to get the fullest gains possible from its new review methodologies and from the national evaluations it carries out. Information is at the core of ERO’s operations and the options that might assist to get the best internally and externally from managing that information is yet to be fully developed and implemented.</p> <p>Some strategically important developments are being considered, such as making the website interactive with secure log-in to enable ready communication about reviews with boards of trustees and school and early childhood education service leadership.</p> <p>Accessing leading edge thinking in relation to information management possibilities could help ensure ERO was making the most of the leverage it has to lift student achievement but it is likely to be extremely difficult for a small agency to tap into these rare skills. ERO should look to various arrangements within the education sector or broader groupings across the public sector for this expertise</p> <p style="text-align: right;">contd...</p>

	Consideration might be given to making the detailed information available in evidential files more accessible. Categorising key indicators of performance and recording them in a form suitable for electronic extraction might increase the value of this resource for various policy and national analyses.
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<p>Efficiency</p> <p>How robust are the processes in place to test for efficiency and make efficiency improvements? How well does ERO balance cost and quality when considering service delivery options?</p>
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<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well-placed</p> <p>ERO has a clear focus on efficiency and has developed a comprehensive response. In terms of assessing progress ERO has considered the possibility of benchmarking the efficiency of its outputs but could find no suitable comparator. Equivalent organisations in other countries, such as OFSTED in the United Kingdom, are sufficiently different that comparisons would have little informational content.</p> <p>Consequently, ERO judges its efficiency through its ability to make the savings set by the Government while providing better services with a diminishing baseline. ERO has maintained its review frequency (one third of schools and early childhood education services reviewed annually) while reducing its input levels and service costs over the medium term. This has been achieved through a mixture of a tight focus on the use of support and operational services, better procurement and through redesigning its core business.</p> <p>ERO has reduced its total expenditure in line with the Government’s expectations. Forecast funding for 2013/14 will be at similar levels to 2005/06 after baseline cuts and budgeted salary increases in the out-years. ERO delivered a surplus at the end of 2010/11 enabling it to return funds to the Crown as previously agreed.</p> <p>Corporate services have been measured using the benchmarks for Better Administration Support Services (BASS). The ERO corporate services, with the exception of property, were within the BASS benchmarks. The average office space per head was well above the BASS benchmark and changes have been made to address this. Two offices have been closed as part of the 2009 restructure and more rationalisation is planned as leases come up for renewal. ERO has also reduced costs through participation in Government-wide procurement programmes.</p> <p style="text-align: right;">contd...</p>
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	<p>The methodology for school reviews has been revised to put weight on self review by schools with the frequency of the return review being determined by the strength and sustainability of the performance within the school. Greater attention is paid to schools where students are not progressing and achieving well. Where schools are performing well, and where that performance is likely to be sustained, longer return intervals are possible. With the new methodology for schools, review times have been reduced by 4% and further efficiencies are expected over time for three- and four- to five-year reviews. The re-orientation of reviews appears to be increasing the effectiveness of the school reviews. Poorly performing schools have been lifted to the 'no concerns' standard and others report a more productive engagement.</p> <p>A new and more flexible methodology is being developed to both increase the effectiveness of early childhood education services reviews and to increase efficiency to enable the expected growth in early childhood education demand to be met with existing or fewer resources. Overall, we agree with ERO's self review that it manages its finances and assets prudently.</p>
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<p>Financial Management How well does ERO manage its financial information and ensure financial probity across the business?</p>

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well-placed</p> <p>ERO has well developed financial management information and draws on this for its strategic direction. ERO's Finance team of four has a budget of \$0.6m. Its vision is to be a highly valued partner for the rest of ERO and is seen by those in ERO as making a strong and trusted contribution within the organisation.</p> <p>The financial management system database enables performance tracking at the level of individual tasks within jobs. In ERO some 70% of costs are personnel-related so having accurate and quick entry of information on time use is essential. This task has been solved by linking payment of an allowance to completion of the timesheet. The information obtained enables fine-tuned reporting on where effort is going.</p> <p>Staff with online access to the reporting database can obtain real-time reporting and are able to drill down into all the information to which they have clearance. Cost drivers within ERO are well understood as are the financial implication of both routine processes within ERO and of revised methodologies, such as those for schools and early childhood education services. All this makes a solid contribution to strategic decisions within ERO.</p> <p style="text-align: right;">contd...</p>
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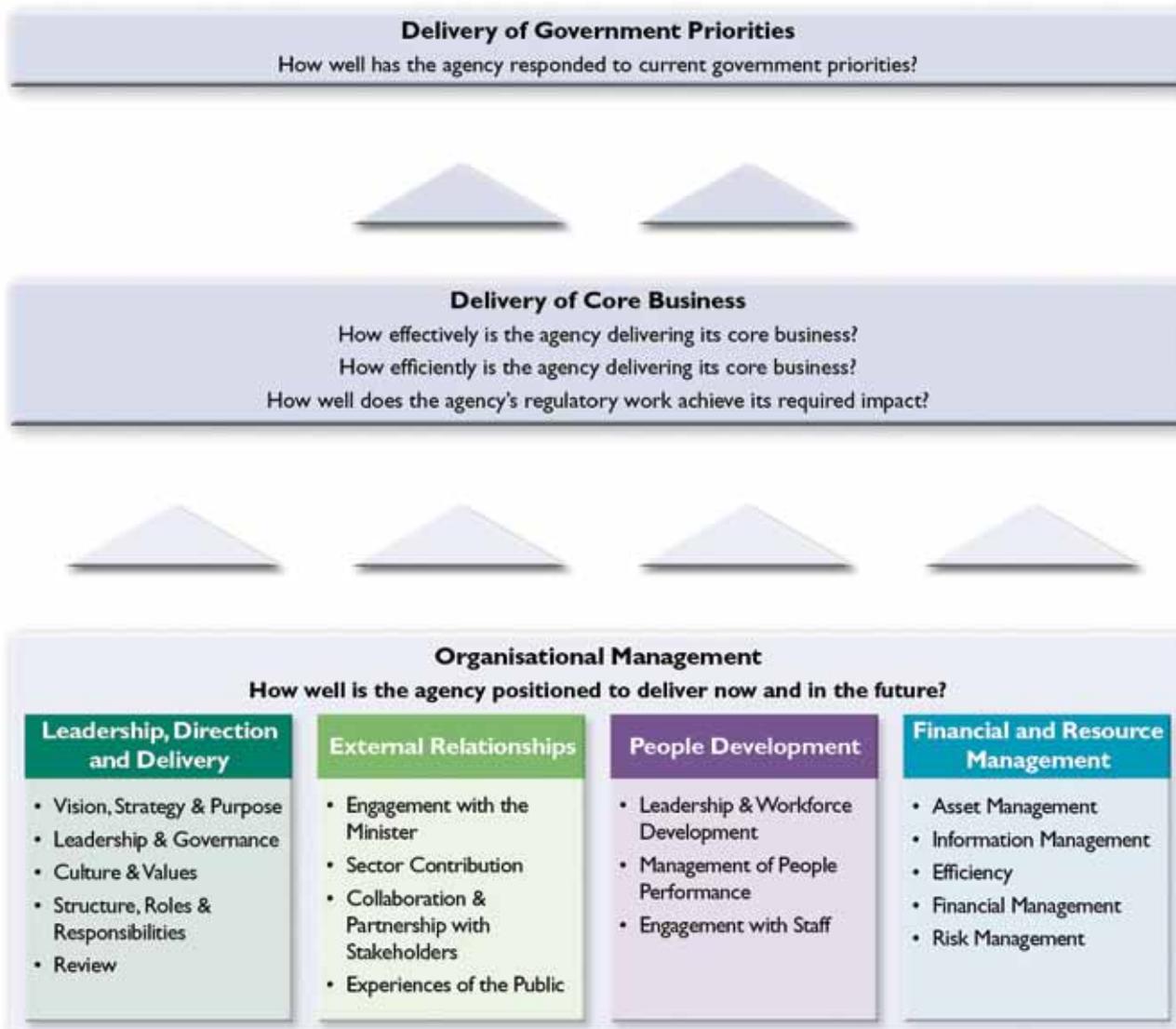
	<p>That understanding of the business cost drivers and the financial information system means ERO is not only well served now but also if the future fiscal situation becomes even more difficult than forecasted.</p> <p>Financial systems and controls have been rated strongly in recent Audit New Zealand reports. ERO has systems and processes in place to review and report its sensitive expenditures in a timely manner. These expenditure types have been regularly reported to Select Committees and Official Information Act (OIA) requests on these items have been provided on a timely basis.</p> <p>What has led us to a view this is ‘well placed’ rather than ‘strong’ financial management is that financial controls and the staffing cap are managed centrally through the Operations Forum that decides (at least nominally) on every staff appointment. This is a most unusual arrangement that has senior leaders involved in detailed implementation decisions. If senior leaders had shared ownership and accountabilities for the agency’s imperatives we might expect to see an approach that set the parameters for delegated decisions, with some specified process for monitoring outcomes, so that senior leaders could focus on strategic decisions rather than all the detailed tactical choices.</p> <p>Furthermore, delegations to frontline managers do not allow them to make the best use of financial management information. As a consequence, ERO is not using some of the possible means of getting innovation and alignment with the underlying objectives.</p>
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<p>Risk Management How well does ERO manage agency risks and risks to the Crown?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>ERO has a strong focus on risk management, and has a broad view of risk. The Risk Management Framework sets this out well and identifies how to achieve the desired state and the key strategic risks to the agency.</p> <p>The desired state can be achieved by having the right direction, and having the right people, who are properly resourced and equipped. Key risks are seen as loss of credibility if ERO’s evaluation reports lack quality or influence, failure to develop and maintain people, and failure to maintain an infrastructure.</p> <p>The Risk and Assurance Committee is responsible for delivering assurance to the Chief Review Officer on the identification and mitigation of potential risks. It takes a broad and active approach to risks and feeds the issues into strategy decisions. The Leadership Team is highly responsive in addressing the recommendations of the Risk and Assurance Committee.</p> <p>The risk management is deeply embedded in ERO from the choice of reviewers on a review, through the control environment around credits and debits or the wording of school review reports in relation to compliance activities, to the handling of OIA requests for evidential files.</p> <p>One recent test of the quality of risk management occurred with the Canterbury earthquakes – IT services for Christchurch were restored within a day.</p> <p>There is a question on whether the level of risk aversion is too high within ERO. Reports to schools and early childhood education services are now targeted at parents, yet the wording used is generally coded and oblique. As a consequence the reports come across as bland and lacking enough detail to allow readers to distinguish among schools. This has a risk for ERO’s credibility that needs to be considered.</p> <p>School leaders have also found ERO reluctant to identify possible exemplars for particular issues, in part because of a worry that performance may decline and those ‘exemplars’ may become misleading. To some degree this situation has changed recently and best practice reviews have identified some schools. Nevertheless it seems possible for ERO to be more active in advising on peer support networks within schools without running major risks.</p> <p>It is increasingly important for senior leaders to specifically discuss, review and agree the appropriate risk appetite of the agency for the different types of risk it faces.</p>

APPENDIX A

Overview of the Model

Performance Improvement Framework – High Level Agency Model



Lead Questions

Performance Improvement Framework Agency Model Lead Questions

Results		
Critical Area		Lead Questions
Government Priorities		1. How well has the agency responded to current government priorities?
Core Business		2. How effectively is the agency delivering its core business? 3. How efficiently is the agency delivering its core business? 4. How well does the agency's regulatory work achieve its required impact?
Organisational Management		
Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown entity? (For Crown entities only)
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements? 26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
	Risk Management	28. How well does the agency manage agency risks and risks to the Crown?

APPENDIX B

List of Interviews

This review was informed by input provided by a number of ERO staff, the Minister Responsible for the Education Review Office, the Associate Minister of Education (pre-Election 2011), the Minister of Education (post-Election 2011) and by representatives from the following organisations.

Agency/Organisation
Ministry of Education
Ministry of Pacific Island Affairs
New Zealand Catholic Education Office
New Zealand School Trustees' Association
New Zealand Principals' Federation
New Zealand Qualifications Authority
New Zealand Teachers Council
Public Service Association
Secondary Principals' Association of New Zealand
State Services Commission
The Treasury
Department of Prime Minister and Cabinet
Various Primary and Secondary School Principals
Various Early Childhood Education Stakeholders

