

EDMUND RICE EDUCATION AUSTRALIA FLEXIBLE SCHOOLS LTD NEW SOUTH WALES SCHOOLS NEEDS-BASED FUNDING ARRANGEMENT

INTRODUCTION

This Needs-Based Funding Arrangement (Arrangement) has been prepared by Edmund Rice Education Australia Flexible Schools Ltd (EREAFLS) and is compliant with subsection 78(5) of the Australian Education Act 2013 (Act).

The Arrangement outlines the principles and methodology EREAFLS applies when distributing Australian Government recurrent funding amongst its New South Wales (NSW) flexible and special schools.

The objective of the Arrangement is to ensure Commonwealth funding is distributed in a manner that:

- reflects the educational needs of young people
- supports improved educational outcomes
- enables equitable access to educational opportunities
- maintains financially sustainable schools
- supports the efficient operation of EREAFLS's NSW Schools

The Arrangement is publicly available and transparent in accordance with subsection 78(5) of the Act.

BACKGROUND

EREAFLS is the Approved System Authority for its NSW schools. The NSW schools are comprised of four flexible schools and two special schools:

- Flexible schools provide trauma-aware, relationship-based education for young people who have disengaged or are at risk of disengaging from mainstream education
- Special schools provide specialist education for young people with disabilities and other complex learning needs through highly individualised educational programs

While each school serves a distinct cohort of young people, all schools share a common commitment to providing inclusive, high-quality education that enables every young person to achieve their full potential.

The educational needs of the young people enrolled in these NSW schools vary significantly. Accordingly, EREAFLS applies a needs-based funding methodology that directs resources to where they will have the greatest educational impact.

NEEDS-BASED FUNDING REQUIREMENTS UNDER THE ACT

This Arrangement has been developed in accordance with subsection 78(5) of the Australian Education Act 2013.



The Arrangement:

- provides a Base Young Person Allocation for each enrolled young person that represents the recurrent resources required to support a young person with minimal educational disadvantage to achieve expected educational outcomes and takes account of efficiencies that can be realised while improving educational outcomes
- provides additional funding to respond to educational disadvantage through relevant loadings and therefore supports young people and schools with additional needs to support young person achievement
- is publicly available and transparent

Nothing in this Arrangement limits EREAFSL's obligations under the Australian Education Act 2013, the Australian Education Regulations 2023 or any applicable State legislation.

GUIDING PRINCIPLES

ERAFSL ensures that funding is distributed based on the needs of its young people while maintaining financial sustainability in accordance with subsection 75(4) of the Act.

When distributing Commonwealth recurrent funding, ERAFSL seeks:

- **To be young person centred** - allocates funding according to the educational needs of young people
- **To respond to diversity of educational need** - educational needs of young people differ across flexible schools and special schools. Funding decisions seek to respond to those differing needs while ensuring equitable access to high-quality educational opportunities for all young people
- **Equity** - ensures schools with greater educational challenges receive appropriate additional support
- **Sustainability** – supports the long-term financial viability of every NSW ERAFSL school
- **Efficiency** - delivers educational outcomes through the efficient use of public funding, recognising the benefits of shared services across the NSW schools
- **Transparency** - applies a methodology that is documented, publicly available and capable of annual reporting

NEEDS-BASED FUNDING ARRANGEMENT METHODOLOGY

ERAFSL ensures that funding is distributed based on the needs of its young people while maintaining financial sustainability in accordance with subsection 75(4) of the Act.

Step 1: ERAFSL Central Administration Costs and School Support Services

As part of the annual budget process, ERAFSL determines the estimated costs of providing central administration and school support services to NSW schools. These costs, which include staff, office costs and programs that support NSW schools at a system level, are taken into account prior to determining the Base Young Person Allocation for the following year.

Each NSW school is invoiced for its allocated share of these costs progressively throughout the year. The amounts invoiced are adjusted at year end to reflect actual costs incurred and the application of the agreed allocation methodology.



Any adjustment to these costs is considered in determining the final amount of Commonwealth recurrent funding available for distribution for each NSW school under the subsequent steps of this Arrangement.

Step 2: Determination of Base Young Person Allocation

In accordance with subsection 78(5)(a) of the Australian Education Act 2013, EREAFSL provides a Base Young Person Allocation for each enrolled young person. The Base Young Person Allocation represents the recurrent resources required to support a young person with minimal educational disadvantage to achieve expected educational outcomes and takes account of efficiencies that can be realised while improving educational outcomes. EREAFSL has regard to the Schooling Resource Standard (SRS) established under the Act.

The value of the Base Young Person Allocation will be determined annually, having regard to:

- the SRS
- Commonwealth recurrent funding received
- anticipated enrolments
- system-wide educational requirements
- the efficient and financially sustainable operation of the NSW schools
- the objectives of this Arrangement

The Base Young Person Allocation forms the foundation of EREAFSL's funding methodology. The Base Young Person Allocation is provided for every enrolled young person. Additional funding is then allocated having regard to educational need for individual young people across the NSW schools.

Step 3: Needs-Based Distribution of Recurrent Funding

Following determination of the Base Young Person Allocation (Step 2), and after provision has been made for system-wide educational and support services (Step 1), loadings for young people and schools with additional needs in order to support young person achievement are then applied.

This includes loadings for the following:

- young people with a disability
- the differing educational models of flexible schools and special schools
- Aboriginal and Torres Strait Islander young people
- socio-educational disadvantage
- English language proficiency
- school size and location
- operational sustainability
- emerging educational priorities
- other factors relevant to improving access to improved education outcomes across the NSW schools, including enrolments, other educational needs

No single funding component is considered in isolation and the SRS is also considered. EREAFSL recognises that the educational needs of young people enrolled in both flexible schools and special schools frequently extend beyond those



reflected in any single funding component. Accordingly, funding decisions consider the overall educational needs of each young person, school and the collective needs of the NSW schools.

NEW SCHOOLS AND EMERGING NEEDS

EREAFLSL recognises that newly established schools and schools experiencing rapid enrolment growth may require additional support.

Accordingly, EREAFLSL may provide additional funding to support:

- newly established schools
- expansion of existing schools
- emerging educational priorities
- significant changes in young person need
- exceptional operational circumstances

FUNDING ADJUSTMENTS

An appropriate redistribution of the funding, responsive to local need, will ensure all schools are able to cover costs, including but not limited to staffing, learning resources and young person support services.

Funding allocations may be reviewed during the year where necessary to respond to:

- significant enrolment variation
- changes in young person educational need
- new Government policy
- compliance requirements
- establishment of new schools
- extraordinary operational events

MONITORING, REPORTING AND REVIEW

EREAFLSL will maintain appropriate records demonstrating how recurrent funding has been distributed in accordance with this Arrangement. Annual reporting will be undertaken in accordance with the Australian Education Act 2013 and Australian Education Regulations 2023.

This Arrangement will be reviewed periodically, and at least every three years, or earlier where legislative, operational or strategic changes require amendment.

