



FINANCING POLICIES FOR INCLUSIVE EDUCATION SYSTEMS

Country Report: Norway



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INTRODUCTION

The Norwegian public sector is divided between the central, county and municipal government levels. The municipalities are responsible for primary and lower-secondary education and the counties are responsible for upper-secondary education, but within the limits central government sets in the Education Act. Both municipalities and counties are mainly financed by taxes, user charges and grants from the central government. However, user charges cannot be applied in primary and secondary education.

Need to know

Norway has had an inclusive education system for decades.

The right to special needs education is linked to the pupils' benefit from the education – not to diagnosis.

Numbers concerning special needs education include all children in all types of schools.

For educational services, the general purpose grant scheme is by far the most important source of funding from central government. In addition, central government provides some earmarked grants to various programmes for quality improvement, particularly professional development programmes for teachers and school leaders.

Norway has relatively high education costs compared to the OECD average. The total cost per year of primary and secondary schools stands at more than 112 billion Norwegian kroner (NOK). Primary and secondary schools cost around NOK 77 billion to run in 2015. Upper-secondary education and training cost about NOK 35 billion in 2015. Municipalities and counties with low population densities spend more on each pupil in primary and secondary education. Municipalities with a high number of learners in special needs education (SNE) spend more per

learner than other, comparable municipalities.

Norway spends significant resources on providing special educational support and SNE. Almost 18% of teachers' annual teaching hours in primary and lower-secondary education are spent on SNE, meaning linked to specifications in individual education plans. Some 8% of all pupils in primary and lower-secondary education receive SNE for one hour a week or more. The proportion of pupils receiving SNE increases throughout the primary and lower-secondary stages. Some 3.8%¹ receive SNE in Year 1. By Year 10, the proportion is 10.6%.

¹ Source: GSI, 2016.

SNE is to be provided within the pupil's ordinary class insofar as possible and sufficient. Some 35% of primary school pupils receive all the required hours of SNE in ordinary classes. This represents a significant increase since 2013/14, when 28% received all the hours of SNE within their ordinary class. The remainder receive most of their SNE in groups. In addition, a very small number of pupils receive one-to-one SNE.

Almost 4,000 pupils in primary and lower-secondary education attend dedicated special needs schools or a dedicated, permanent special needs unit at a local school. A further 1,700 pupils, mostly in lower-secondary education, are on placements in so-called alternative learning environments for one day or more every week. The timetables include activities such as outdoor pursuits, farm work or car mechanics. The Education Act states that learners must have an official decision of special educational needs (SEN) in order to attend alternative learning environments.

In upper-secondary education, pupils can receive SNE within an ordinary course of training, within an adapted or alternative course of training in school or in a workplace (vocational training is an integral part of Norway's upper-secondary education system). In 2014/15, 3% of pupils in upper-secondary education had decisions on SNE for one hour a week or more. The percentage of pupils in SNE varies from 1.6% to 4.3% among the counties.

All tuition must be adapted; this principle covers both mainstream tuition and SNE. In mainstream tuition, pupils are not entitled to special adaptation. SNE, which is enshrined in Section 5-1 of the Education Act, is a more comprehensive form of adapted tuition. Under this statutory provision, pupils are entitled to specially adapted tuition. It has long been a political goal to improve learning outcomes for all pupils so that fewer of them require SNE.

All books and learning materials are free of charge. Pupils have the right to receive them in an adapted way, which meets their needs.

Pupils in need of transport due to disability, injury or illness are entitled to free transportation between home and school. The county municipalities finance this. The right to transport is subject to a separate decision and does not depend on a decision of SEN.

All local authorities are obliged to offer an out-of-school programme (known as SFO or AKS) before and after school hours for pupils in Years 1–4. For pupils with disabilities, the out-of-school programme runs from Years 1–7. The cost of running municipal out-of-school programmes amounted to about NOK 4.3 billion in 2015.

Parent contributions constitute about 76% of the operating costs, while municipalities mostly cover the remainder.

Private schools with a government grant

In addition to the local systems and public schools, there are several private schools in Norway. There are about 215–220 private schools at primary and lower-secondary level (there are over 2,600 public schools at this level). The number of private schools at upper-secondary level is about 90 (while there are over 330 public schools at this level).

The private schools are financed by government grants covering 85% of the cost per pupil. A tuition fee covers the remaining 15%. The municipalities and counties have their income reduced by a rate per pupil that attends a private school.

Pupils in private school have the same rights as pupils in public schools. The percentage of pupils in SNE seems to be, on average, somewhat higher in private primary and lower-secondary schools than in public schools. In public schools, it is 7.9%. The local municipality or county is responsible for expert assessment concerning every individual pupil, and also responsible for funding special education for these pupils. Private schools are subject to control and inspection by the Directorate for Education and Training.

There are 14 private special schools also financed by government grants. For these schools, the grants constitute the total cost per pupil. They are not allowed to take extra money in the form of tuition fees.

Norwegian Association of Local and Regional Authorities (KS)

The municipalities and counties have their own association: the Norwegian Association of Local and Regional Authorities (KS). It represents all of them and plays a role in enabling development processes at the local level. Norway has 428 municipalities/local authorities and 18 counties/regional authorities. There is currently structural local and regional government reform to reduce the numbers of both municipalities and counties. Several municipalities have agreed to merge into bigger units, while some counties have agreed to merge into bigger regional authorities. All municipalities and counties, as well as approximately 500 public enterprises, are members of KS.

KS's vision is an independent and innovative local government sector. It works to provide its members with the best possible economic and political framework and conditions.

KS has four main activities:

- KS advocates for its members' interests before central government, the Parliament, labour organisations and other organisations.
- KS advises and informs its members about all matters and developments of importance to local government.
- KS facilitates experience exchange between its members.
- KS conducts central collective bargaining on behalf of its members. This includes bargaining with the teachers' unions.

DESCRIPTION OF THE COUNTRY’S FINANCING POLICY

Financing the local government sector in Norway

The municipalities and counties offer a large range of services to their citizens and are the primary providers of welfare services in Norway. Figures 1 and 2, which illustrate the distribution of expenditures, show the municipalities’ and counties’ main responsibilities.

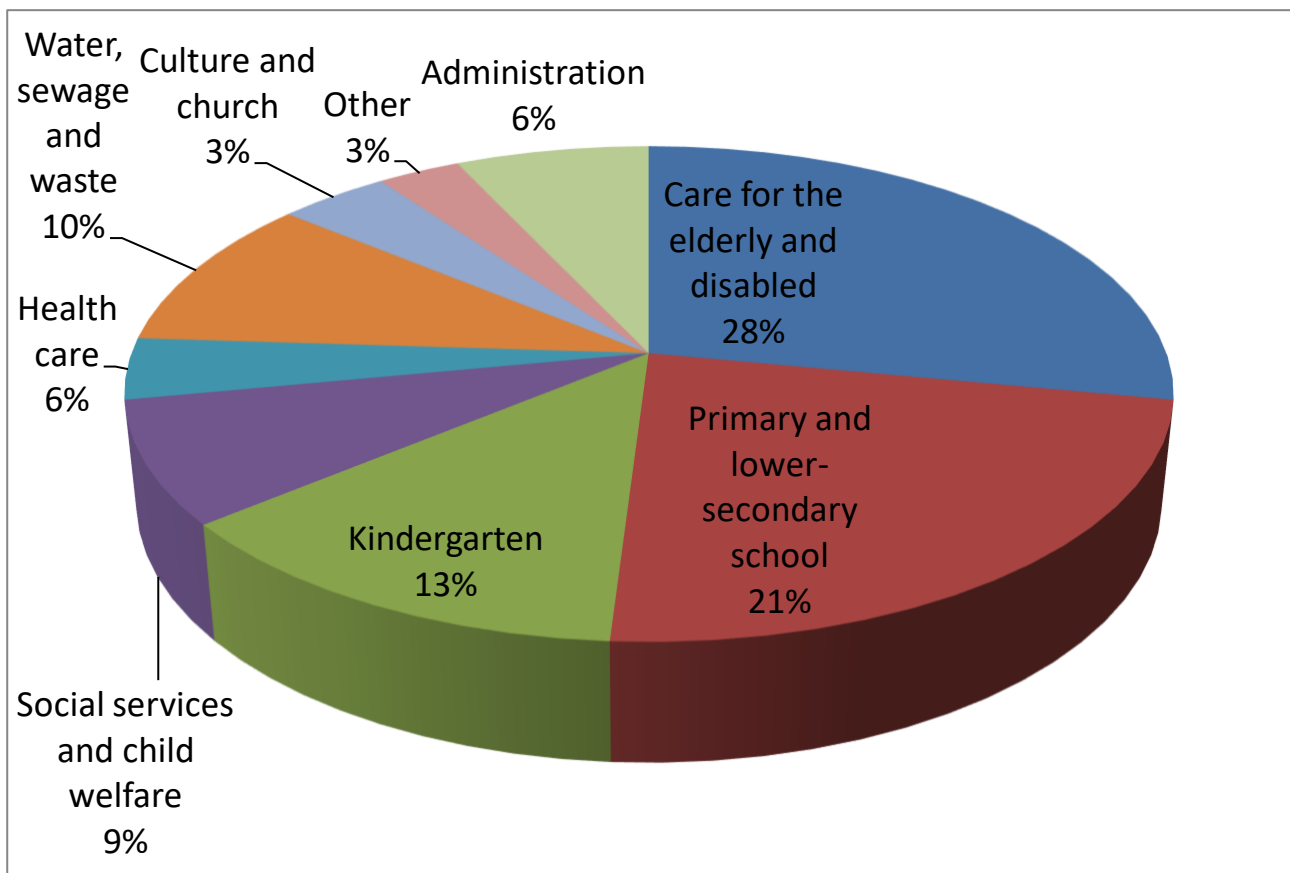


Figure 1. Distribution of expenditure 2015 – municipalities

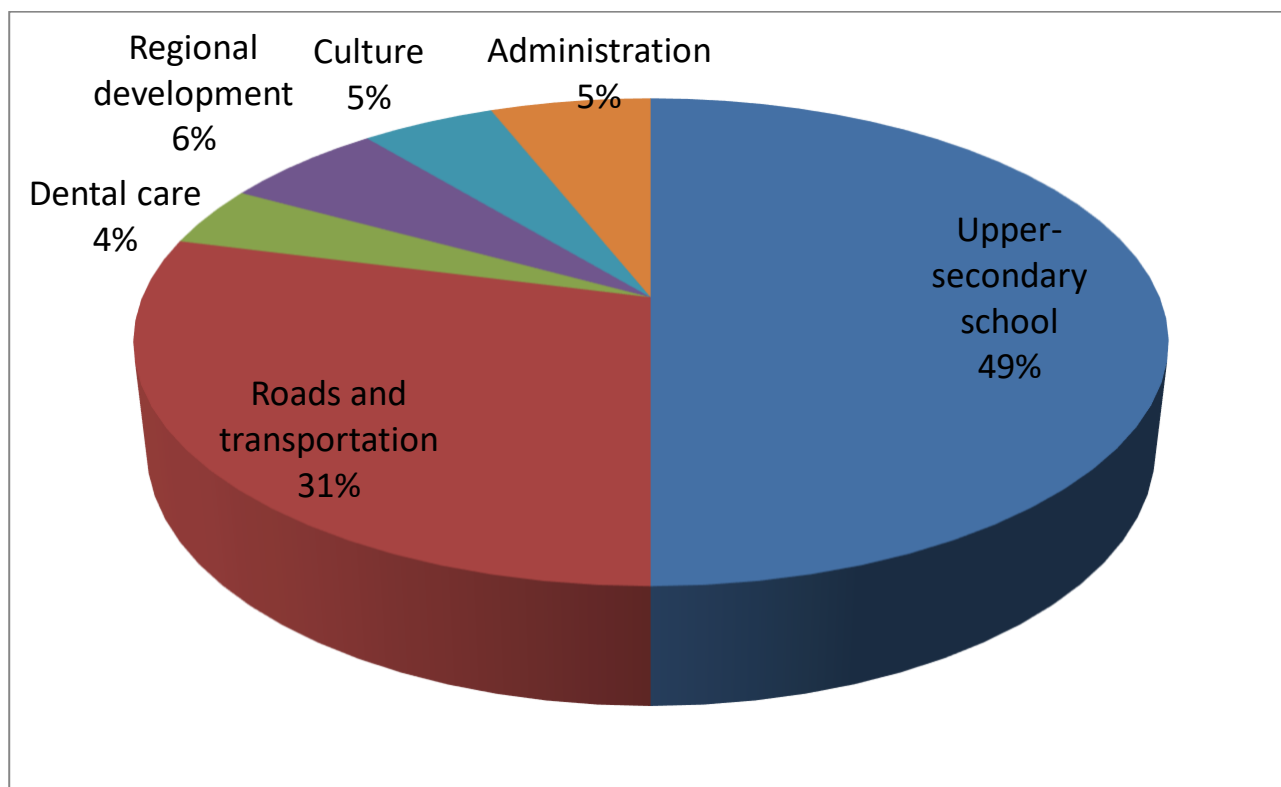


Figure 2. Distribution of expenditure 2015 – counties

The main sources of revenue for municipalities and counties are local taxes, general grants, earmarked grants, charges and fees. Local taxes accounted for 40% of total revenue in 2016, followed by general grants at 34%, fees and charges at 14% and earmarked grants at 5%. Municipalities get most of their tax revenue from income tax. However, they also receive income from wealth tax, property tax and tax on natural resources.

There are large differences between municipalities and between counties, in both the income levels and the level of expenditure needed. It is a national aim to offer citizens a high level of public services in all parts of the country. Therefore, there is a redistribution of income between municipalities and between counties. This is achieved through the General Grant Scheme. Both tax income and the General Grant are included in the General Grant Scheme.

Most of the General Grant is initially distributed as a per-capita grant. To ensure that all municipalities have the means to provide sufficient services to their inhabitants, it is necessary to redistribute the grant according to expenditure needs. Redistribution is achieved through equalisation of the expenditure mechanism.

Equalisation of the expenditure mechanism serves to fully compensate involuntary

costs related to population characteristics (i.e. demographic aspects and social characteristics) and population density (this has a favourable effect for small and sparsely populated municipalities).

Local taxes are paid directly by the inhabitants to the municipalities and counties. Revenue from local taxes varies significantly between municipalities, and ranges from 60% to 274% of the country average per inhabitant (2015). Redistribution from high-income to low-income municipalities is necessary to ensure an equivalent level of public services all over the country. Tax income is redistributed through an addition or a subtraction from the General Grant.

The municipalities and counties also receive Rural Grants from the state. The Rural Grants are politically motivated. They are meant to ensure high-quality local government services in small and peripheral municipalities, and to ensure regional growth and development. The four largest municipalities receive Urban Grants to compensate for urban challenges, and there are grants for municipalities with high population growth.

Specific details about financing and governing education at local level

The block grant system, and the strong decentralisation due to this system, are balanced by rights and duties determined by law. The County Governor offices monitor fulfilment of rights and duties under the Education Act.

Most of the national funding of education is part of the block grant system. The tasks and duties that the government gives to the local level must be compensated through funds. Most of these should be – and are – funded through the block grant system.

In addition to the block grant system, there are several grant schemes for which the Ministry of Education and Research is responsible. These grants go to various programmes for quality improvement. These particularly include national programmes for professional development for teachers and school leaders, and different national programmes to support local development of schools (e.g. a programme to prevent dropout, a strategy for better reading and writing, a programme to strengthen science subjects, a strategy for professional development in the local support system (Educational and Psychological Counselling Service – PPT), etc.).

Most government funding of education must be considered as general funding, whereas throughput and input funding are mainly conducted at local level. Government funding very rarely goes to specific schools; it is instead allocated

through the local governments. The strength of this lies in local responsibility and flexibility towards reaching the goals set.

Local-level support and co-ordination

At local level, the municipalities and counties themselves provide the main support to schools and co-ordination. The municipalities, for example, are responsible for primary and lower-secondary education and for important healthcare services (among numerous other tasks). The municipalities are important actors for co-ordination between sectors. School nurses, co-operation between schools and child welfare, social workers present in schools, etc., are examples of how municipalities combine instruments from different sectors to help individual pupils and schools as organisations. A more detailed description of the local support system (PPT) for pupils with special needs follows. Please also refer to the description of the Norwegian Association of Local and Regional Authorities (KS) which, among other things, has a co-ordinating role.

PPT (local Educational and Psychological Counselling Service)

According to the Education Act, every municipality and county must have a PPT, either alone or in co-operation with other municipalities or counties. The PPT gives system-directed support in the form of advice and counselling to schools, and individual-based support by making expert assessments and giving advice about learning environment adaptations to help the individual concerned.

In primary and lower-secondary education, most of the resources in the PPT go to individual-based support, with a minor part to system-directed support. However, the proportion of system-directed work is growing. In upper-secondary education, the resources are more evenly divided between the two tasks. As with Statped (the Norwegian support system for special needs education), the PPT supports schools and kindergartens in their work for children and young people with special needs. It can thus be seen as part of the throughput funding. Since the PPT is responsible for individual assessments that constitute a basis for decisions of SEN, it can also be considered a type of input funding.

National-level support and co-ordination

In addition to local support and co-ordination, there is quite an extensive national support system related to education.

The Directorate for Education and Training manages the national support system. This includes Statped, national centres and several measures, such as a guidance

counsellor corps. Moreover, the County Governor provides advice and information to school owners, in addition to (and in relation to) inspections and the hearing of appeals. Furthermore, the County Governor offices have a co-ordinating role.

Statped is the Norwegian support system for special needs education. It is the governmental instrument to support municipalities and counties, if needed, in their local work for satisfactory training for children, pupils and adults with special needs. Therefore, Statped mainly works in collaboration with the local support system (PPT).

The guidance counsellor corps offers support to school owners and school management dealing with specific challenges related to school development and improvement.

The National Centres are centres specialised in different subjects: Centre for Mathematics, Centre for Reading, Centre for Learning Environment, etc. The Centres work with teacher training institutions, teachers, school leaders and school owners. Some even work with the local PPT (Centre for Multicultural Education, Centre for Mathematics, Centre for Reading and Centre for Learning Environment).

The different parts of Norway's national support system vary when it comes to target groups and, to some extent, when it comes to who they support or collaborate with at local level. It might make sense to define the different agencies as general or throughput funding based on their target groups. Most of the national support is set to target local authorities – and therefore all or large proportions of the pupils in Norwegian schools. Therefore, it must be considered part of the general funding. Statped, however, targets a part of the school population – i.e. pupils with special needs – and can therefore be seen as part of the throughput funding. A more detailed description of the different parts of the national support system follows.

Statped

The Norwegian support system for special needs education (Statped) must also be seen as part of the throughput funding in Norway. The Ministry of Education and Research finances and manages the system. It serves to support municipalities and counties in their work for inclusive education and for fulfilling the rights of pupils with special needs.

Statped offers special education services in six specific areas of expertise:

- Deaf-blindness/dual visual and hearing impairment

- Acquired brain injury
- Hearing impairment
- Complex learning difficulties
- Speech and language impairment
- Visual impairment.

Statped is organised into four multidisciplinary regional centres and a central office with co-ordinating functions. Providing equivalent services to all municipalities and counties in the country is a fundamental principle for Statped.

Statped operates with a single-entry-point policy for all its services. This is to ensure that the applications from the municipalities and counties are assessed and processed equally. This gives Statped a national overview and makes it possible to compile statistics about the need for services.

Statped provides services in co-operation with the local Educational and Psychological Counselling Service (PPT) when municipalities and county authorities need assistance. All services are given as a response to an application. The PPT initiates the process by sending an application to the regional Statped office in which the municipality or county is located.

Statped's work with individual clients or collaborating partners, such as municipalities and counties, is multidisciplinary. It provides services at both individual and system level. A child, young person or adult may receive an individual service. A system-based service is not focused on one individual, but is given to kindergartens, schools and personnel. Statped often provides an individual service in combination with system-based services. A service to an individual can, for example, lead to a system-based service, such as competence training for personnel.

Both individual and system-based services aim to support the basic principles of inclusive education and inclusion in working life and society. The purpose is to increase local expertise, and enable the municipalities and counties to provide services pursuant to current law and regulations.

Norway has a decentralised system that gives the municipalities and counties autonomy and local room to manoeuvre. The municipalities and counties decide how to organise education and training in accordance with national regulations and aims. Hence, the municipalities and counties differ in how they organise their services and in how they use Statped's services. Statped must consider these differences when planning and providing good-quality services.

The Norwegian Directorate for Education and Training allocates funds to Statped annually, in accordance with the state budget. Statped's funding for 2017 is about NOK 750 million. Statped manages the funds to ensure that equivalent services are provided across the country. Statped has developed a model for budgeting to weight the distribution of funds between the six areas of expertise and to distribute funds according to population. Some areas in Norway are large and sparsely populated.

To provide equivalent services nationally, extensive travel is necessary in some parts of the country. Five county authorities are compensated for this by adding 5% to the actual population figure: Finnmark, Troms, Nordland, Møre og Romsdal and Sogn og Fjordane. Strategic use of technology is another measure for providing equivalent services. For example, video conferencing is used extensively, both within Statped and with collaborating partners.

There are two state-owned special schools under Statped's management. One is a school for pupils with hearing disabilities, which costs about NOK 12 million a year (A.C. Møller School in Trondheim). The state and the municipality of Trondheim have signed a contract indicating that the state will hand over responsibility for the pupils to Trondheim from July 2017. The other state-owned school is for pupils born deaf-blind (11 pupils) and costs about NOK 12 million a year. The Ministry of Education and Research is currently reporting on the future management of this school.

National Centres

The Directorate for Education and Training oversees 10 National Education Centres. These are centres specialised in different subjects: Centre for Mathematics, Centre for Reading, Centre for Learning Environment, etc. The National Education Centres' overarching goal is to contribute to the realisation of national policies so that children, pupils and adults can have equitable and adapted training in an inclusive environment. The Centres work with teacher training institutions, teachers, school leaders and school owners. Some even work with the local PPT (Centre for Multicultural Education, Centre for Mathematics, Centre for Reading and Centre for Learning Environment). Funding for the National Centres for 2017 is over NOK 90 million.

Guidance counsellor corps

The Ministry initiated the guidance counsellor corps and the Directorate for Education and Training is responsible for it. It consists of experienced school

administrators or people from the municipal administration with experience in senior management or top management positions, who have a track record of delivering high-quality leadership and good results. A team or corps consists of three to five counsellors. A guidance counsellor acts as a counsellor for two to three school owners for up to two-and-a-half years. The first six months consist of mapping, analysis, securing decisions and selecting target areas so that further work can be incorporated into the school's strategy plan for the following year.

The guidance counsellor corps offers support to school owners and school management. The support should equip them with the right tools to develop the school organisation and develop quality measures that will ensure a better performance for all pupils. The goal is that all pupils should feel included, experience mastery, possess basic skills in mathematics, reading, writing and IT and complete secondary education. For 2017, the Directorate allocated about NOK 45 million of funding to the counsellor corps.

The County Governor

The County Governor provides advice and information to the general public and school owners in accordance with the provisions of the Education Act, the Private Education Act and associated regulations. The County Governor is also responsible for hearing appeals about individual decisions in this area and for carrying out inspections in accordance with the Education and Kindergarten Acts. The County Governor's supervisory and appellate role (assessing and deciding on complaints), following the provisions of the Education Act, provides information at many levels on how funding is spent according to special and inclusive education. Funding for the County Governors' educational responsibilities was over NOK 180 million in 2017.

Local variations in resource allocation

Background

The municipalities and counties are responsible for the education and training of all their pupils. All education should be adapted to the pupils' individual needs. If a school, after trying out different measures to adapt a pupil's training, concludes that SNE should be considered, the school contacts the local Educational and Psychological Counselling Service (PPT). Every municipality and county must have access to a PPT, according to the Education Act. The PPT can guide the school in improving the adaptive learning environment, so that the pupil can follow

mainstream education in the class. If this is not an option, the PPT will give an expert assessment of the pupil's need for SNE. If the PPT does not have the knowledge and expertise to assess the pupil's needs, it can ask Statped for support.

The Norwegian Education Act establishes the right to special education. It is intended to ensure adapted and equitable education for learners who do not, or cannot, gain satisfactory benefits from the mainstream teaching programme.

According to the Education Act, unsatisfactory benefits are to be assessed in terms of ability to reach national curriculum goals, firstly by the teachers and school leaders and subsequently by the PPT. The municipality's public officials must reach a formal decision to deviate from mainstream education for the pupil, with either separate goals or individual teaching programmes (in or out of class), or both. The right to special education is an individual right. It goes beyond the right to adapted education in mainstream education stated in the Education Act.

The municipality funds the PPT, but cannot interfere with the professional opinions in its assessments for special education. The PPT must ensure that sufficient information is gathered before concluding its expert assessment. The municipality must always consider said expert assessment before deciding whether to offer special education.

This mostly means that if the PPT recommends extra resources, the municipality cannot refuse according to its budget situation, as long as the right to such education is ascertained. However, if the school/municipality can demonstrate in the decision document that it can give the learner sufficient equivalent support to fulfil the learner's rights, there will be an opportunity to refuse to facilitate special education, or to reduce the offer accordingly.

The systems of a sample of municipalities are described below. The municipalities have been picked in terms of variations in size and geographical placement in different parts of the country. These examples must not be considered as prototypes, but as individual examples.

Financing models for schools in the municipality of Oslo

Oslo is the capital of Norway, and is both a municipality and a county. This means that Oslo is responsible for education from kindergarten, through primary and secondary school, to upper-secondary school. The municipality of Oslo has about 650,000 inhabitants.

Oslo's municipal and county council has approved the models for financing primary,

lower-secondary and upper-secondary education. The two models mainly follow the principle of block financing of counties and municipalities in Norway, where the population in different age groups is the main financing source. The schools' main financing source is the number of pupils they have each school year.

The municipal and county council has set the following principles for the financing models:

- Fair
- Objective data
- Predictable
- Easy to operate
- Transparent.

The financing models must also support schools' autonomy and strengthen their freedom in how to reach strategic priorities.

The municipal and county council approves goals for education based on national standards each year as part of the budget planning for the coming year. The local education administration informs the schools about the goals. The schools start their strategic planning and budget planning in late autumn. Budget and strategic plans are discussed with the schools, teachers and employees before being approved by the schools' boards each January.

In the planning process, schools have access to the following data and statistics (based on national standards):

- Results of national and local tests
- Reports on the school's finances
- Population statistics of the school's intake area
- Pupil survey
- Employee survey.

The local education administration has seven directors who guide and monitor about 30 schools. Each year, the local education administration reports on the status of all the Oslo schools to the municipal and county council. The reports include the above-mentioned data and statistics.

Local schools make decisions regarding inclusive education and special needs for pupils. Complaints about decisions are treated firstly at the school. The local

education administration is the second level, while the third level is the County Governor's office in the region.

About one third of the budget goes to building purposes; the schools have limited influence here. Two thirds of the budget is for educational purposes. The means are distributed to the schools through the following models:

- Primary/lower-secondary education
- Upper-secondary education.

Primary/lower-secondary education – NOK 4.398 million distributed on 1 January 2016 for educational purposes:

- One amount per pupil at primary and secondary level: 62% of the budget
- Basic amount for each school (1–7 level, 8–10 level, 1–10 level): 9%
- Social and demographic criteria: 7%
- Language minorities: 8%
- Groups for learners with special needs: 5%
- Schools for learners with special needs: 5%
- Other strategic financing: 4%.

Upper-secondary education – NOK 1.545 million distributed on 1 January 2016 for educational purposes:

- Seven different amounts per pupil depending on education programme: 84%
- Three different amounts per pupil depending on special needs: 11%
- Individual need (language minorities, low intake point and special needs): 5%.

The schools are fully responsible for their finances; there is no extra funding during the year to compensate bad economic management.

Financing models for schools in the municipality of Karmøy

Karmøy is situated in the south-west of Norway and the municipality has about 42,000 inhabitants. In Karmøy, around 85% of teacher resources are allocated to the schools based on the number of pupils and number of classes. The remaining 15% of the resources is allocated based on an evaluation of documented need for extra resources to SNE.

Karmøy has invested heavily in capacity-building at the school level. There is a

strong focus on building collective capacity to identify and support learners who need additional support. The municipality school office runs, funds and co-ordinates this focus on capacity-building.

In Karmøy, there are few monitoring mechanisms to control how the different schools allocate their resources. Of course, the schools are expected to keep to their budgets and to fulfil their obligations regarding the needs of individual learners, especially those identified as having special needs.

Financing models for schools in the municipality of Dovre

Dovre is an inland municipality, with large parts situated in mountainous areas. The municipality has about 2,600 inhabitants. In Dovre municipality, the resources to each primary school are distributed according to the following model:

- Ordinary hours per week according to the government's framework regulating the distribution of teaching hours per subject
- Dual teacher system in 1st and 2nd grade when there are more than 12 pupils (early years literacy programme – EYLP)
- Dual teacher system when there are more than 24 pupils
- Dual teacher system in common subjects when there are more than 12 pupils
- Lessons for adapted learning in upper-primary level: grades 5–7 (ages 10 to 12)
- Swimming: always with two adults
- Food and health: group lesson when there are than 12 pupils (class with extra teacher resources, in which the pupils are divided into groups, extra teaching resources)
- Music: group lesson when there are than 15 pupils
- Arts and crafts: group lessons when there are more than 12 pupils
- Classes led by teams of teachers in primary, upper-primary and lower-secondary level
- One class teacher per class
- One class teacher supporting the pupils' council
- 6% of total resources for temporary replacement
- In addition: resources for senior measures, SNE and administration.

How does this work in practice?

Each year, the head teacher evaluates how best to distribute the resources in their school. The resource model makes the EYLP, adapted education and assimilation possible. After this model was introduced, national tests showed an improvement in school results and the number of pupils with low proficiency was reduced. The dropout rate in upper-secondary school was significantly reduced.

How does the municipality follow up on the use of resources?

Resource management in each school is discussed in connection with the school’s annual status report. This report is part of the information that schools provide to the municipal council.

How does the choice of financial system influence inclusive pedagogy?

With the Dovre model (‘Dovremodell’) the number of pupils in SNE has decreased from approximately 9% to about 4%.

Table 1. Number of pupils in SNE in Dovre

Year	2010/11	2011/12 Start of the Dovre model	2012/13	2013/14	2014/15	2015/16	2016/17
Number of pupils in SNE	28	11	12	13	10	9	10

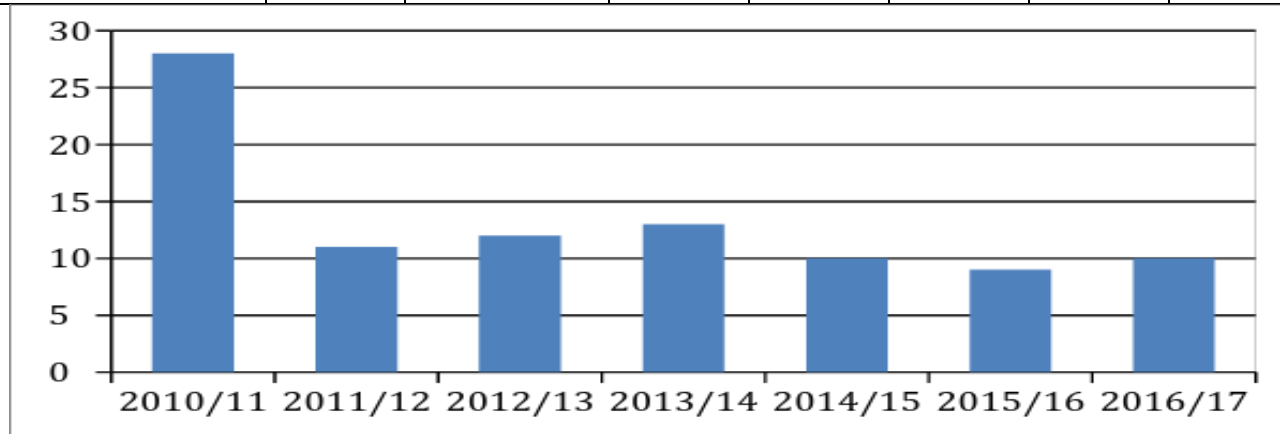


Figure 3. Pupils in SNE before and after introduction of the Dovre model in autumn 2011

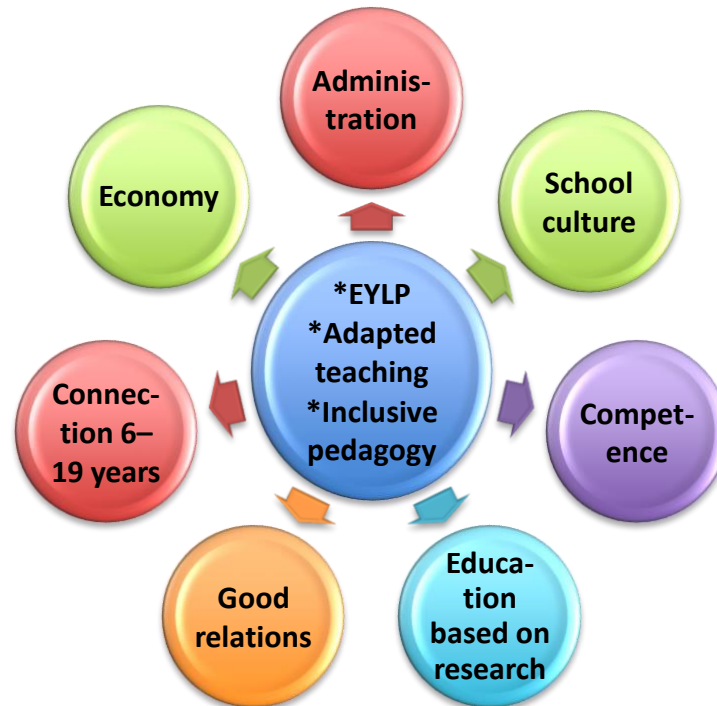


Figure 4. Dovre model

Financing models for schools in the municipality of Flekkefjord

The municipality of Flekkefjord is situated in the southern part of Norway and has about 9,000 inhabitants.

Five years ago, Flekkefjord municipality was experiencing an increasing number of pupils in special education. Each year, there was a new discussion regarding more money for schools. In the springs of 2010, 2011 and 2012, the politicians increased the school budgets by NOK 1 million because of the growth in special education.

It was obvious that this could not continue as, at the same time, the municipality's budget situation was deteriorating. Moreover, it was clear that this model was not good for pupils. Research shows that the effect of special education is low.

Flekkefjord saw two options; either they could continue the same way and tackle the situation with an increasing amount of special education. Consequently, there would be less and less money for the majority of pupils in mainstream education. At the same time, it would segregate most of the pupils in special education from the other pupils. Alternatively, they could change focus and work on the quality of mainstream education, customised training and early intervention to minimise the need for special education. Flekkefjord went for the latter option.

In Flekkefjord, the model of resource allocation to schools is based on the municipality's central administration holding meetings with each school. They discuss the total need for resources and how to prioritise within the resources available. Flekkefjord has not chosen a purely mathematical model of resource allocation, due to the focus on a complete evaluation. Irrespective of what resource allocation model is used, it is central that decisions of SEN should not be of great importance for the distribution of money.

Table 2 outlines the developments in Flekkefjord's schools after implementing the new model.

Table 2. Developments in Flekkefjord after implementing the new resource allocation model

Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total cost of education (3,200 lessons) (NOK)	83,200,000	83,200,000	83,200,000	83,200,000	83,200,000	83,200,000
Percentage of special education	11%	11.9%	8.4%	4.9%	4.08%	4.47%
Cost of special education lessons as a percentage of all lessons	22.6%	20%	17.6%	15.3%	17.3%	–
Cost of special education (NOK)	18,803,000	16,640,000	14,643,000	12,279,600	14,393,600	–
Money saved and used for early intervention (NOK)	–	2,163,200	4,160,000	6,073,600	4,409,600	–

This has allowed Flekkefjord to focus more on early intervention on a broad basis. It also places more attention on inclusion. Flekkefjord consider the following aspects as crucial success factors:

- To keep the free money in the school system for early intervention
- The school budgets are drawn up after analysing their overall needs and challenges and the number of pupils, not based on the number of pupils in special education
- A focus on high quality in early intervention, customised training and mainstream education
- Following the principle that children shall have their education inside the main classroom, together with the other pupils in class
- Parents and teachers have to agree to this way of working and work together
- The PPT must have the same focus on inclusion.

Financing models for schools in the municipality of Kristiansand

Kristiansand is a city municipality situated on the south coast of Norway. It has about 87,000 inhabitants.

Kristiansand reached a peak in SNE numbers in 2010. The municipality decided on a system reform to promote an inclusive learning environment and enhance learning outcomes for all learners. School funding changed from a model where the schools received separate funding for mainstream education and SNE. In the new system, the schools receive a framework budget. Resource allocation to schools is largely based on objective criteria, but with an extra allocation based on specific medical needs. Kristiansand has seen an annual decrease in SNE numbers since implementing this local reform in 2010.

Research on financing models (Centre for Economic Research)

A research project analysing school financing models in four large cities in Norway focuses on the funding of inclusive education. The [final report is available online](#) (in Norwegian). The cities included in the project are Trondheim, Bergen, Stavanger and Kristiansand. The project aims to discuss financing and organisation of special education in these four cities.

In all four cities, the financing models have four elements: a small base funding, a major part based on the number of pupils, a third part based on the socio-economic characteristics of the intake area, and a fourth part based on the number of individuals with diagnoses and/or in need of intensive additional support.

Three parts of the financial models are important for inclusive education. Firstly, the

general funding based on pupil numbers is generous enough to provide flexible teaching, mainly in mainstream classrooms, but also to give extra instruction to pupils who have some extra needs. Secondly, the socio-economic component addresses the needs of schools with a higher probability of having pupils who are eligible for special education. In some cities, these resources are based on a few socio-economic criteria, like the average education level, income level and migration in the intake area. In other cities, these resources are allocated based on an index consisting of numerous variables assumed to capture the living conditions in the intake area. Thirdly, a small part of the budget is allocated to schools with individuals in need of intensive additional support. These resources are allocated to schools with individuals who meet some well-defined criteria, or they are allocated to schools based on proceedings made by the school owner.

Over time, the system has developed towards having fewer discretionary resource allocations. More of the resources are allocated within a model with strict criteria, with the number of pupils being the most important. All cities face challenges related to establishing the socio-economic background criteria that predict the need for additional resources in schools. In addition, all cities work continuously to improve the criteria for pupils who are eligible for substantial additional resources.

The research project does not discuss whether one version of the school financial model contributes to inclusive education more than another. However, the development over time, as described above, has reduced the incentive for principals to increase the proportion of pupils in special education. An official decision of SEN for a pupil does not attract as many resources as it used to. Therefore, principals must find other solutions and provide more flexible and adapted teaching than in a system where more special education brings more resources.

DETAILS ON KEY FACTORS IDENTIFIED WITHIN THE FPES PROJECT CONCEPTUAL FRAMEWORK

Management, accountability and governance

The Norwegian system places the democratic, legal, economic and administrative responsibility to fulfil duties under the Education Act on municipalities and counties.

The Education Act states that the municipality or county must submit an annual report on the education status based on learning outcomes, dropout and learning environment. The annual report is to be discussed by the municipal councils. This is a requirement meant to make the local authorities accountable for the results in schools.

The decision of SEN made by the local authorities is subject to complaints in cases where those concerned claim that the offer is not sufficient to fulfil their rights. The complaint should be addressed to the municipality (primary and lower-secondary Years 1–10)/the county municipality (upper-secondary) and eventually to the County Governor to be assessed and possibly overruled. The County Governor can overrule the local authorities' decisions of SEN, which also can lead to increased expenses.

The Ministry of Education and Research does not have a reporting system that makes it possible to 'follow the money', except when it comes to earmarked grants. Since the vast majority of the resources are channelled through the general block grant system, a 'follow-the-money' approach is not possible. However, the Ministry does get quite detailed reports from the municipalities and counties through the so-called KOSTRA system. This system shows the Ministry how much each municipality and county spends on schools. The reports are also divided into categories such as, for example, the proportion of pupils receiving special education, the average number of pupils per teacher, the amount spent on rent, transport, etc.

The municipalities also report into a system called GSI, administered by the Directorate for Education and Training. This system monitors development in schools when it comes to, for example, the number of pupils, how many teachers fulfil the qualification requirements, how special education is organised (in class/out of class, individually/in groups, etc.), hours of special education per pupil, how the local support system (PPT) is organised, formal education in the PPT, etc.

Actual resource allocation to schools is very much up to the local authorities, and the national level does not monitor the allocation models. This is particularly challenging with regard to the numerous municipalities in Norway, some with only a

couple of hundred inhabitants. Combined with the principle of generalist municipalities – meaning that all municipalities have the same duties and tasks irrespective of their size – it is obvious that the dependency of competence can be a challenge. An on-going reform seems to be to reduce the number of municipalities from about 430 to about 380.

As shown, local authorities have worked systematically to develop local cross-sector co-operation. At national level, each minister is constitutionally and/or politically responsible for the results within their sector. This can make national horizontal co-operation across sectors challenging. In recent years, the government has initiated a project called the '0–24 collaboration' to strengthen horizontal co-operation at national level. The starting point for this project was to bring the different national directorates together in order to establish more sustainable and effective structures for co-operation. The different directorates have a wide range of responsibilities when it comes to vulnerable children and young adults. In this project, the directorates aim to work together for improved and combined services and support when it comes to school difficulties, health problems, poverty in the family, etc. This requires follow-up from several municipal services and the national initiatives must support these. The goal is also to decrease the dropout rate in upper-secondary school and to increase the employment rate through increased co-operation between sectors, both at state and municipal level.

In the 0–24 collaboration, several ministries, directorates and County Governors have joined forces to facilitate pro-active, comprehensive, efficient and competent services for children and young adults up to the age of 24.

SUMMARY OF PERCEIVED STRENGTHS AND CHALLENGES OF THE CURRENT FUNDING MECHANISMS

Inclusive education policy is stated in law, as well as in annual documents to the Parliament. However, there is a lack of incentives promoting inclusive education in the block grant scheme directly. In fact, avoiding incentives is a central idea of the block grant scheme based on objective criteria. The national level does not manage or monitor resource allocation to schools from the local level. Nevertheless, knowledge of funding mechanisms can be collected in regular meetings and co-operation with the Norwegian Association of Local and Regional Authorities (KS), research and surveys. Knowledge of different local solutions and their impact on inclusive education is important, not least so the municipalities can learn from each other's experiences.

Local freedom to act is a strength of the system, since it allows for flexibility and innovation at local level. However, the system is also dependent on local competences and awareness at political and administrative level. The block grant system and local freedom to act are therefore supported by a broad spectrum of national initiatives and support systems. The challenge is to align the local and national support systems and make them work together for inclusive education.



IDENTIFICATION OF FUTURE DEVELOPMENTS IN THE COUNTRY'S SYSTEM OF FUNDING INCLUSIVE EDUCATION

Based on the challenges pointed out, it could be worth looking more closely at the need to monitor resource allocation at local level – within the framework of the block grant system and local freedom to act. There might be a need for national advice, guidelines, etc., to ensure a conscious approach to resource allocation and the effects on inclusive education. More information might be needed, both at national and local level, about what is actually happening in schools and how it influences inclusive education.

The national support system influences solutions at local level. This makes it important to ensure that national agencies and support systems represent a mind-set, give advice, run projects and work in line with the national policy of inclusive education.

