

In Confidence

Office of the Associate Minister of Education (Hon John Banks)

Cabinet Social Policy Committee

PARTNERSHIP SCHOOLS | KURA HOURUA AUTHORISING AND MONITORING REPORT BACK

Proposal

1. This paper provides an update to Cabinet on the authorising and monitoring processes for Partnership Schools | Kura Hourua (Partnership Schools).

Executive summary

2. I am reporting back to Cabinet on progress the Partnership Schools Working Group has made in developing an authorisation and monitoring process for Partnership Schools. The authorisation process covers: indications of interest; full applications; due diligence; and final selection of schools. The monitoring process covers assessing performance against contractual and legislative obligations; and interventions which may include closure in the case of underperformance.
3. The Education Amendment Bill 2012, which includes the legislative framework for Partnership Schools, is currently at the Education and Science Select Committee. The Committee has called for public submissions, which close on 24 January 2013.
4. To ensure the proposed timeline for authorisation and establishment can be met, the application process will need to run while the Bill is still before the House. No final decisions on successful applications will be made prior to the passage of the bill through the House and careful messaging will be necessary. This arrangement will allow for a robust authorisation process to take place in time for schools to open by the beginning of 2014.
5. The Partnership Schools Working Group will soon invite potential sponsors to submit informal indications of interest in establishing a Partnership School.
6. The design of the full application process will be completed early in the New Year so that applications can be called for early in 2013. Considerable work has been undertaken in the design of this process, and it reflects both best procurement practice and best evidence from overseas models.
7. The Minister of Education and I are working to appoint an advisory group, to be known as the Authorisation Board, to evaluate all applications and make recommendations to the Minister. As part of the monitoring and review process, which is being designed by the Partnership Schools Working Group, the Authorisation Board will engage and work with

the Education Review Office (ERO) to conduct educational performance reviews based on the terms of the contracts and milestone data requirements.

8. It is proposed that the Authorisation Board is appointed for the start of 2013. This paper sets out the roles and responsibilities of the Authorisation Board.
9. I have attached the terms of reference for the Authorisation Board as Appendix 1.
10. The Partnership Schools Working Group will remain as a separate body from the Authorisation Board. The focus of the Working Group for the coming months is continuing the design of the monitoring framework for Partnership Schools and ongoing engagement with potential sponsors.
11. A diagram setting out the roles of the Authorisation Board, Partnership Schools Working Group, Minister of Education and Ministry of Education is attached as Appendix 2.
12. The design of the monitoring process for Partnership Schools is still in development. It will include ongoing monitoring of performance against contracts and performance measures; and a review process including monitoring by ERO as part of its roles and functions under Part 28 of the Education Act 1989.
13. In its monitoring role, the Authorisation Board will report to the Minister of Education on school's performance, including any recommendations for intervention if applicable.
14. I will report back to Cabinet in July 2013 on progress made in designing an evaluation process for the Partnership Schools pilot as a whole.

Background

15. Partnership Schools will be a new option for delivering public education which brings together education, business and community sectors to provide opportunities for students to achieve educational success. They are one of the new approaches we need if we are going to address educational underachievement, and ensure five out of five learners succeed.
16. The initial pilot of a small number of Partnership Schools will be in areas where learners are currently underserved by the education system.
17. On 30 July 2012 Cabinet agreed to the key features and major design elements of Partnership Schools [CAB Min (12) 26/6 refers].
18. Funding decisions for Partnership Schools are yet to be made. These will be considered as part of Budget 2013.
19. Cabinet invited me to "report back on progress made in developing an authorisation and monitoring process in December 2012" [CAB Min (12) 26/6 refers].

Authorisation Process

20. The authorisation process for Partnership Schools is being designed to test the capability and capacity of the sponsor to ensure delivery of high-quality educational outcomes for students enrolled at its school.

21. The authorisation process for Partnership Schools covers:
- indications of interest
 - full applications
 - due diligence
 - final selection of schools
 - contracts with sponsors.
22. The Partnership Schools Working Group and the Authorisation Board will review the authorisation process for the first Partnership Schools. Feedback from this process will be included in the report back to Cabinet in July 2013.
23. The final decision on which applicants are approved to establish a Partnership School will be made by the Minister of Education, informed by recommendations made by the Authorisation Board.

Indicative authorisation and establishment timeline

24. An indicative timeline for the authorisation and establishment process is outlined below:

Date	Process Stage	Lead actor
14 December 2012	Indications of interest called for	Partnership Schools Working Group
1 February 2013	Indications of interest due	Partnership Schools Working Group
15 February 2013	Advice on indications of interest provided to Authorisation Board	Partnership Schools Working Group
22 February 2013	Request for applications	Authorisation Board
29 March 2013	Applications due	Authorisation Board
1 – 24 April 2013	Review of applications	Authorisation Board
25 April – 15 May 2013	Preparation of report and advice to Ministers	Authorisation Board
31 May 2013*	Decisions announced by Minister of Education	Minister of Education
31 May – 28 June 2013	Contract negotiations with successful applicants	Crown
1 July 2013	Final contracts signed	Crown
July 2013 – January 2014	Set up of first schools	Successful Applicants
February 2014	First schools open	Successful Applicants

* All actions subsequent to this are dependent on the passage of the Education Amendment Bill through Parliament

25. I am confident that this timeline allows for an open and transparent process that is both thorough and robust and will have the first Partnership Schools open for the start of the 2014 school year.

Current progress on the authorisation process

26. Indications of interest will be called for by the Partnership Schools Working Group by 14 December 2012. Applicants will be asked to provide details on a number of areas, including:
- a description of the outcomes that they expect to achieve for their students and the measures of success
 - how they will target the Government's priority groups (Māori, Pasifika, learners from low socio-economic backgrounds and special needs learners)
 - the mission statement that underpins the teaching and learning philosophy of the school
 - the distinguishing characteristics of the school, and how this may be different than those schools already in the schooling network
 - the proposed demographics and location of the school
 - a staffing plan that clearly identifies roles that will support the schools' mission and vision
 - evidence that the school has access to financial expertise.
27. Details of the full application process are currently being compiled, along with supporting documentation. This will be completed by the start of February 2013.
28. The full application will expand on those areas covered in the indication of interest, while also seeking detailed financial and operational plans for the school. Because the funding model is still in design, and subject to the Budget process, more detailed financial plans will be asked for as part of the full proposal process

Authorisation Board

29. The Minister of Education will appoint an Authorisation Board to evaluate applications.
30. The Authorisation Board should consist of up to seven members with a range of backgrounds. The Board should include members with an understanding of educational needs of those learners currently underserved by the system. The Board should also contain people with backgrounds in education, business and management.
31. The Ministry of Education will provide secretariat support and funding for the Authorisation Board.
32. The Authorisation Board will complete a full review of all applications that are submitted, and provide advice and recommendations to the Minister of Education to support her decision making. (Commentary in the previous paper to this, *Developing and Implementing a New Zealand Model of Charter School*, had this body making recommendations to the Secretary for Education.)

33. The terms of reference for the Authorisation Board are provided for Cabinet's information. These are attached as Appendix 1.
34. I am working with the Minister of Education to determine the membership of the Authorisation Board. It is proposed that the Minister of Education will present the Cabinet paper appointing members to the Authorisation Board to the Appointment and Honours Committee on 4 February 2013.
35. The Partnership Schools Working Group will remain as a separate group to the Authorisation Board, through to the end of the terms of the Working Group in June 2014. The focus of the Working Group over the coming months is assisting with the design of the monitoring framework for Partnership Schools, and continuing engagement with potential sponsors.

Contracting

36. The Ministry of Education is seeking to contract expert legal advice to engage with the Partnership Schools Working Group and the Authorisation Board.
37. This process will inform the design of standard contracts for successful applicants. It is expected that the standard contracts will be ready for release to applicants as part of the request for proposals in February 2013.
38. The final contracts for Partnership Schools will be between the Crown, represented by the Minister of Education, and the sponsor of the school.

Monitoring process

39. The Partnership Schools Working Group is designing the rigorous monitoring process for assessing achievement against agreed contractual outcomes for Partnership Schools. The Authorisation Board will be responsible for implementing the monitoring process.
40. Cabinet decided that the Authorisation Board will engage and work with ERO to conduct educational performance reviews based on the terms of the contracts and milestone data requirements, including reporting against the National Standards [CAB Min (12) 26/6 refers].
41. ERO will review Partnership Schools as part of its review processes under Part 28 of the Education Act. An appropriate methodology for reviewing Partnership Schools will be developed. The reviews will include evaluating each school's performance against relevant legislative requirements.
42. The Authorisation Board will periodically report to the Minister of Education on each school's performance against contractual and legislative requirements. It will be informed by ERO and performance and accounting data that the schools are required to supply to the Secretary for Education. If it deems necessary, the Authorisation Board will make recommendations to the Minister on interventions, including the possibility of closure.
43. Once contracts have been signed, the Partnership Schools Working Group and the Ministry of Education will provide assistance to sponsors for the set up phase of the approved Partnership Schools. This will allow for early identification of any emerging issues, which will help ensure that schools are able to meet the expectation of opening for the beginning of the 2014 school year.

Evaluation process

44. Details about the design of an evaluation process for the Partnership School pilot have yet to be worked through. Work will begin on this early in 2013. As previously agreed, I will report back to Cabinet on progress with designing the process in July 2013 [CAB Min (12) 26/6 refers].

Risks

45. Risks and mitigations are identified in the table below:

Risk	Mitigation
There is a risk that the work on authorisation and monitoring may be seen as pre-empting the Parliamentary process regarding the Education Amendment Bill.	I will ensure that all communications emphasise the fact that the establishment of Partnership Schools is dependent on the passage of the Education Amendment Bill and no final decisions about successful applications will be made until the Bill has been passed.
The timeline for authorisation and establishment is very tight with little room for delay.	The timeline has been set to ensure that schools have the best possible chance to make a strong beginning by opening for the start of the 2014 school year. The Partnership Schools Working Group and Ministry of Education will monitor the timeline so that remedial action can be taken quickly.
No applications that meet the standards set by the Authorisation Board, and the Minister of Education.	The Partnership Schools Working Group is providing information to potential sponsors, and also actively engaging with a wide range of these groups to raise awareness of what will be expected.

Consultation

46. Advice received from the Partnership Schools Working Group is reflected in this paper.
47. A draft of this paper was shared with Treasury, and ERO. Their views are reflected in this paper. The Department of Prime Minister and Cabinet was informed.
48. The Treasury considers the timeline for implementing Partnership Schools by February 2014 to be very tight, particularly given some important aspects of the policy (e.g. the authorisation process, contract design and appropriation of funding) have yet to be finalised. The Ministry of Education will need to allocate sufficient internal resource and draw on appropriate commercial and procurement expertise to ensure the timeframes are met. The Treasury is working with the Ministry to support them to do this.

Financial implications

49. To ensure that applicants can put together high quality proposals they will need to know what funding will be available to them. This may need decisions on funding to be made prior to Budget announcements.
50. The Authorisation Board will be funded out of Ministry of Education baselines.

Human rights, disability perspective and gender implications

51. There are no human rights, disability or gender implications arising from this paper.

Legislative and regulatory impact implications

52. There are no legislative impacts in this paper. As a result, no regulatory impact statement is required.

Publicity

53. The Ministry of Education has been providing regular updates to parties with an interest in Partnership Schools about what they should be prepared to cover in the application process. The Ministry is also providing updates to external stakeholders within the education sector.
54. Information is also available on the Working Group's website: <http://partnershipschools.education.govt.nz/>. This will be updated and added to on a regular basis.

Recommendations

55. The Associate Minister of Education (Hon John Banks) recommends that the Committee:
1. **note** that Cabinet invited me to "report back on progress made in developing an authorisation and monitoring process in December 2012" [CAB Min (12) 26/6 refers]
 2. **note** that the authorisation process for Partnership Schools covers:
 - a) indications of interest
 - b) full applications
 - c) due diligence
 - d) final selection of schools
 - e) contracts with sponsors
 3. **note** that Partnership Schools Working Group will soon call for indications of interest in lieu of the standard Expression of Interest process
 4. **note** that the design of the full application process will be completed early in the New Year
 5. **note** the Minister of Education and the Associate Minister are working to appoint the Partnership Schools/Kura Hourua Authorisation Board (the Authorisation Board), which will make recommendations to the Minister of Education on which applications should be approved, and will evaluate all full applications
 6. **note** that it is proposed that the appointments to the Authorisation Board be considered by the appropriate Cabinet committee at the earliest possible opportunity in 2013

7. **note** that the Authorisation Board will engage and work with the Education Review Office to conduct educational performance reviews based on the terms of the contacts and milestone data requirements.
8. **note** the attached terms of reference for the Authorisation Board
9. **note** that the monitoring and evaluation processes are currently being designed by the Partnership Schools Working Group
10. **note** that I will report back on progress made in designing an evaluation process in July 2013 [CAB Min (12) 26/6 refers].

Hon John Banks
Associate Minister of Education

24.11.12

Appendix 1

Partnership School | Kura Hourua Authorisation Board

Terms of Reference

Role of the Authorisation Board

An independent Partnership School | Kura Hourua Authorisation Board will be established to evaluate applications for Partnership Schools, make recommendations to the Minister of Education regarding which applications should be approved, and, once the schools are established, be responsible for regularly monitoring and reviewing their performance to ensure agreed targets are achieved.

Specifically, the Authorisation Board will:

- thoroughly evaluate all written applications
- undertake interviews with applicants
- undertake due diligence on those applications it deems of sufficient quality to recommend to the Minister of Education
- provide advice and make recommendations to the Minister on which applications should be approved
- oversee the negotiation of contract with approved sponsors
- once schools are established, oversee the regular review of each school's performance against agreed achievement targets
- periodically report to the Minister on each school's performance. These reports may include the appropriate action to take in the event of non-performance of a school
- receive complaints regarding a Partnership School from people directly engaged in that school.

Principles

The Authorisation Board should:

- be an independent source of recommendations to the Minister on the approval and performance of Partnership Schools
- select applicants with the ability to widen choices and raise achievement for learners, particularly in line with Government priorities
- contribute to the mana and success of Partnership Schools by ensuring that all applicants get a fair hearing
- assess Partnership Schools applicants on a one-by-one basis, recommending that applicants with proposals that the Board is convinced can add value for learners proceed.

Members

The Minister of Education will appoint a Board with up to seven members, including a Chair.

This Board will be made up of individuals who have the appropriate range of skills, experience and perspectives to carry out their functions.

Relationship with other bodies

The Board will source information from the Education Review Office and its review process for these schools. It will be provided with performance and accounting data that is provided by the schools to the Secretary for Education. It will be supported by a secretariat from the Ministry of Education, and provide reports and recommendations on authorisation and monitoring to the Minister of Education.

Resources

The Authorisation Board will be supported by a Ministry of Education secretariat. The secretariat will provide briefings for the Board and offer organisational support.

The Minister of Education may provide guidance and directives to the Board prior to an evaluation process.

Confidentiality and Official Information

Advice and recommendations provided by members of the Board will be treated in confidence. Members will not disclose any confidential information or material provided to the Board by officials. The Official Information Act 1982 will apply to the activities of the Board.

Public engagement

All media statements made from the Board will be made by the Chair with the approval of the Minister of Education.

Timeframe

The initial appointments for the Board will be made for three year terms.

Following appointment the Board will meet with the Minister of Education and Secretary for Education to discuss application and reporting processes and timeframes.

The Board will be expected to meet for an intensive period when assessing applications. The application period will be agreed annually.

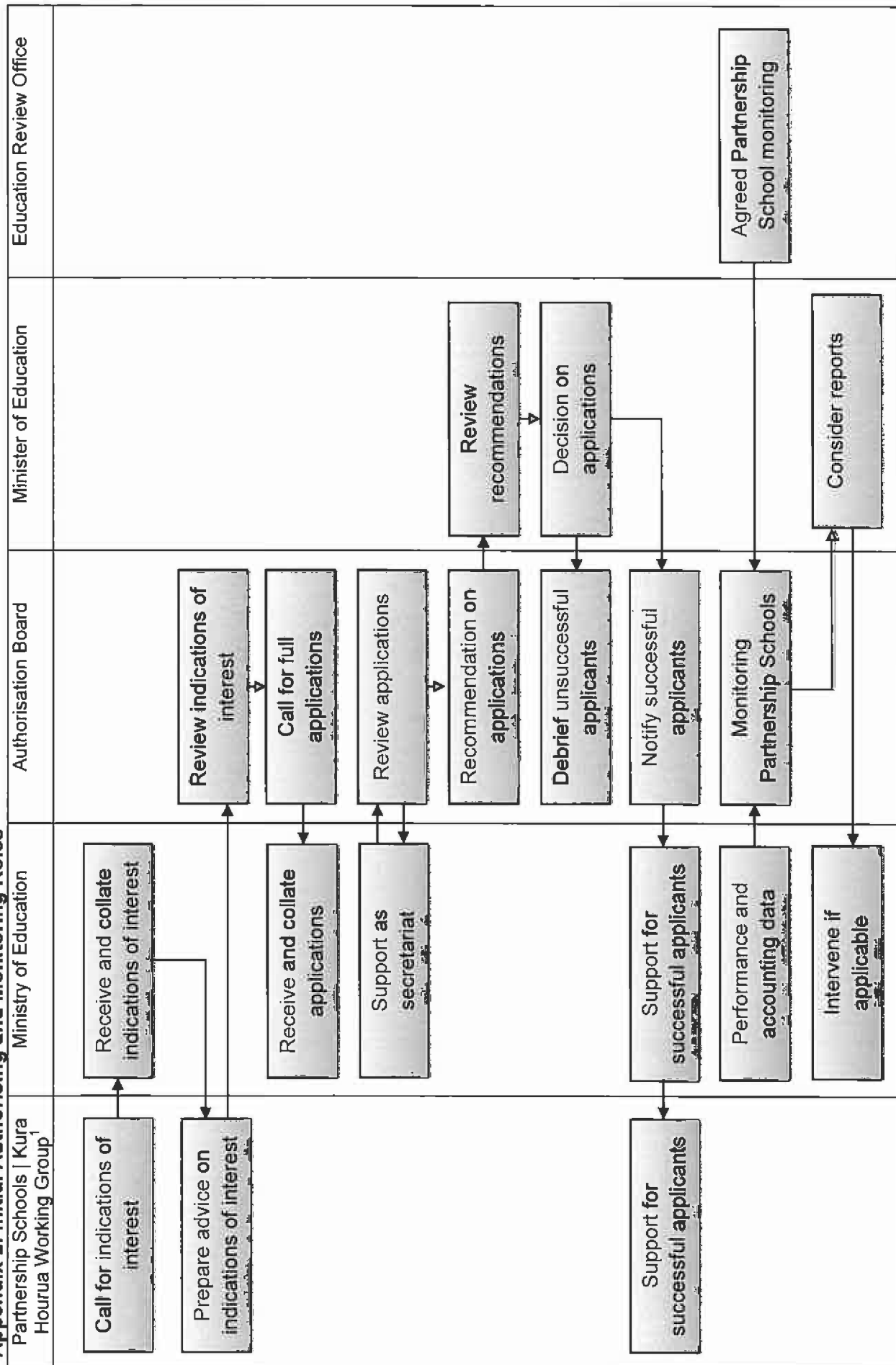
They will also be expected to meet on a regular basis to review schools' progress against agreed outcomes.

Good faith

Members of the Board are expected to act in good faith and on a 'no surprises' basis.

Members are expected to declare any potential conflicts of interest. A conflict register will be maintained and updated regularly. The Chair will be responsible for deciding how to manage any conflict (in the case of conflicts involving the Chair, the Minister of Education will have responsibility for these decisions).

Appendix 2: Initial Authorising and Monitoring Roles



¹ This group will not exist beyond 2014. Therefore, the Authorisation Board will call for and advise on indications of interest beyond 2014.