

The Chair

Cabinet Social Policy Committee

### **Selection of Partnership Schools | Kura Hourua to open in 2015**

#### **Proposal**

1. This paper informs Cabinet of my intention to select the Partnership Schools | Kura Hourua (Partnership Schools) from the second application round to enter into contract discussions.
2. I am also seeking approval to draw-down from the contingency set aside in Budget 2014 to fund Partnership Schools.

#### **Executive summary**

3. The main policy benefits of further Partnership Schools are increased choice and a wider range of educational options for parents. Partnership Schools continue to focus on those children and young people for whom the education system has consistently failed.
4. In fulfilment of the Confidence and Supply Agreement between the National Party and the ACT Party, Cabinet agreed to open a small number of 'charter schools' in areas of significant educational challenge and underachievement by the end of this Parliamentary Term [CAB Min (12) 2/1 refers].
5. The first five Partnership Schools opened in February 2014. Of those new schools, four have shown strong progress and are tracking well towards delivering on the contract outcomes.
6. One school has faced a number of challenges, as schools often do when they first open. All of the identified challenges have now been overcome or are being managed.
7. Cabinet agreed that there would be a second round of Partnership Schools, with new schools to be opened in 2015 [SOC Min (13) 24/4 refers].
8. A third round of Partnership Schools has not been confirmed by Cabinet. In this regard, I intend to report back to Cabinet with the early results from monitoring the first five partnership schools and the early findings from the independent evaluation to enable Cabinet to consider a third round [SOC Min (13) 24/4 refers].

9. For the second round, an application process has been completed in accordance with the requirements of whole of government procurement policies. Specific direction was given about the types of schools and other factors that would be given preference in determining the successful applications.
10. The Partnership Schools | Kura Hourua Authorisation Board (the Board) evaluated 19 applications. The Board is a statutory advisory group appointed by the Minister of Education pursuant to Part 12A of the Education Act. Its role includes advising the Minister on the approval of Partnership Schools. The Ministry of Education has provided me with further advice on the funding and network implications of approving those applicants the Board recommended.
11. The Ministry of Education will undertake contract discussions with the approved bodies and take operational steps to implement the decisions. Of the five recommended applications, four show the strongest promise; taking account of the value they can add to the education of those for whom the system consistently fails, the depth and coherence of their approach to education; and their capability and capacity to open a school by term one, 2015.
12. They are:
- i. **Manukau Urban Māori Authority** which proposes to open a composite primary school (Years 1-8) located in Mangere with an opening roll of 60, targeting Māori students.
  - ii. **The Pacific Peoples' Advancement Trust** which proposes to open a senior secondary school (Years 11-13) located in Otahuhu with an opening roll of 100, targeting Pasifika students.
  - iii. **Villa Education Trust** which proposes to open a middle school (Years 7-10) in West Auckland with an opening roll of 210, targeting Māori, Pasifika and lower socio-economic students.
  - iv. **He Puna Marama Charitable Trust** which proposes to open a primary school (Years 1-6) in Whangarei with an opening roll of 40, targeting Māori students.
13. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract includes an outcomes-based performance management system that sets indicators and targets for a few, vital outcomes for which sponsors can be held to account. The term of the contract for Partnership Schools is six years, plus six years, plus six years.
14. As part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (14) 13/8(10) refers]. [REDACTED]
- [REDACTED]
- s 9(2)(f)(iv) OIA
15. I seek Cabinet approval to draw down [REDACTED] the contingency.

## Background

16. In fulfilment of the Confidence and Supply Agreement between the National Party and the ACT Party, Cabinet agreed to open a small number of 'charter schools' in areas of significant educational challenge and underachievement by the end of this Parliamentary Term [CAB Min (12) 2/1 refers].
17. The legal framework for Partnership Schools is Part 12A of the Education Act 1989 (as inserted on 13 June 2013 by the Education Amendment Act 2013). Section 158B gives the Minister of Education the discretion to approve a body to become a sponsor of a Partnership School. The sponsor has the legal responsibility for the operation of the Partnership School.
18. The Partnership Schools | Kura Hourua Authorisation Board (the Board) is a statutory advisory group appointed by the Minister of Education pursuant to Part 12A of the Education Act. Its role includes advising the Minister on the approval of Partnership Schools. The Ministry of Education has provided me with further advice on the funding and network implications of approving those applicants the Board recommended.
19. The first five Partnership Schools opened in February 2014. Of those new schools, four have shown strong progress and are tracking well towards delivering on the contract outcomes.
20. One of the first five schools has faced a number of challenges, as schools often do when they first open. All of the identified challenges have now been overcome or are being managed.
21. Cabinet noted [SOC Min (13) 24/4 refers] that the main policy benefits of further application rounds for establishing Partnership Schools are increased choice, a wider range of educational options for parents and proven new approaches that could be adopted in the state system. Results from the first round indicated that there is ongoing sponsor and community demand for Partnership Schools that justifies further investment as a means of improving outcomes for those for whom the system consistently fails.
22. Cabinet agreed that there would be a second round of Partnership Schools, with new schools to be opened in 2015 [SOC Min (13) 24/4 refers].
23. A third round of Partnership Schools has not been confirmed by Cabinet. In this regard, I intend to report back to Cabinet with the early results from monitoring the first five partnership schools and the early findings from the independent evaluation to enable Cabinet to consider a third round [SOC Min (13) 24/4 refers].
24. While Partnership Schools continue to focus on those children and young people for whom the system consistently fails, in round two, specific direction was given about the types of schools and other factors that would be given preference in determining successful applications. Those six preference factors were schools that would:
  - i. cater for primary-age students
  - ii. make effective use of the flexibilities offered by the model
  - iii. are based in areas of roll growth

- iv. are large enough to be comfortably viable
  - v. demonstrate a strong case for their location in relation to areas where students are not being well served by the education system
  - vi. offer innovative options for 0-8 year olds.
25. The main policy changes introduced into the selection criteria for this round were:
- i. *The impact of extra schools on the existing network of state schools:* the proposed schools will have a minimal forecast impact on local schools because they are relatively small or are in areas of population growth. The proposed schools will increase choice and variety in the schooling network
  - ii. *Getting the level of support right to assist potential sponsors before they engage in a selection process and successful applicants in the establishment phase, in order to make sure that sponsors have the capability to govern a school and manage a large budget:* the Ministry of Education approached the market earlier with a defined set of expectations detailed within the Request for Application. The application was with the market for a longer period of time. The Board also held information sessions for parties interested in applying to operate a Partnership School to open in 2015
  - iii. *Meeting the public interest through greater transparency about the applicants at an earlier stage:* the Ministry of Education has published the names of all 19 applicants and advised the unsuccessful applicants at the earliest opportunity available.

#### **Selection process for round two**

26. An application process was run in accordance with the requirements of whole of government procurement policies. A total of 19 compliant applications were received from a diverse group of potential sponsors, including community groups, education professionals, independent schools and Private Training Establishments.
27. The Board conducted an extensive evaluation process, including due diligence checks. Eight applicants were shortlisted, and interviews were conducted. Following the interviews, the Board also sought clarifications on some applicants as further due diligence. The Board conducted the reference checks.
28. In particular, the Board was keen to identify applications that met the preference factors; demonstrated that they could offer a robust and innovative educational offering; had a clear understanding of the needs of priority learner groups and had the ability to attract those students to their school.
29. The Board proposed five applications. These (in ranked order) were from:
- 1 Manukau Urban Māori Authority
  - 2 The Pacific Peoples' Advancement Trust
  - 3= Ngā Kākano o te Kaihanga Kura

3= Villa Education Trust

5 He Puna Marama Charitable Trust.

### **Proposals to select for contract discussions**

30. Of the five applications recommended by the Board, I intend to approve four to proceed to contract discussions:
- Manukau Urban Māori Authority
  - The Pacific Peoples' Advancement Trust
  - Villa Education Trust
  - He Puna Marama Charitable Trust.
31. Following the advice of the Ministry of Education, I have assessed these as the strongest proposals overall. In each of these proposals the applicants have demonstrated a coherent approach to educational matters in ways that clearly address the needs of those for whom the system consistently fails and meets one or more of the Government's preference factors set for the second application round.
32. The four applicants have all provided assurance that they would operate a realistic and viable business, and have the capability and capacity to deliver by 2015.
33. My advice from the Ministry of Education was they had serious reservations about Ngā Kākano o te Kaihanga Trust's application. The applicant did not demonstrate a successful track record of educational achievement in its current provision and provided insufficient evidence on how they proposed to successfully raise educational achievement for priority learner groups in their proposal. Additionally, the business and operational plan did not clearly demonstrate the capability and capacity to transition to and meet the more onerous requirements of the partnership schools model (as compared to a private school).
34. I intend to exercise my statutory discretion to appoint sponsors only after contract discussions have been concluded successfully with each respective applicant.

### **Contract discussions**

35. The Ministry of Education will undertake contract discussions with the approved bodies. They are expected to be concluded by late July or early August 2014. As the time for contract discussions and set up is short, the Ministry of Education will have a dedicated team to assist with the establishment of schools. Contract discussions also provide a further opportunity to resolve minor issues that may remain. I will sign contracts only if I am persuaded that there are no significant issues to resolve.

### **Contracts with approved sponsors**

36. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract has:

- i. an outcomes-based performance management system that sets indicators and targets for a few, vital outcomes for which sponsors can be held to account
  - ii. a range of potential interventions that can be applied if performance falls below the target.
37. While appropriate interventions will be applied to support success, the ultimate intervention is termination of the contract. The contract can be ended by the Minister of Education at any time in a number of circumstances, including poor performance. If a contract is terminated the Crown would cease to fund the sponsor and may assess its options of recovering any paid monies.
38. The term of the contract for Partnership Schools is six years, plus six years, plus six years. This allows security for sponsors and the school will be in operation for sufficient time to allow a cohort of students to move through the school.
39. Partnership Schools will be regularly reviewed by the Education Review Office (ERO). Before the schools open, ERO will carry out a readiness review of policies, curriculum and assessment processes.

#### **Background on each proposed school**

40. Details of each of the four applications I propose to progress are set out below:

##### ***Manukau Urban Māori Authority***

41. Manukau Urban Māori Authority proposes to open a primary school (Years 1-8)<sup>1</sup> located in Mangere with an opening roll of 60, targeting Māori students. Further details are:
- i. the Manukau Urban Māori Authority was established in 1985 to represent the interests of urban Māori in South Auckland, by a group of first generation urban Māori from diverse tribal backgrounds, to meet the development needs of their community
  - ii. the vision for their school is *“Through the provision of a culturally enriched, safe and whānau-centric learning environment, we will assist our learners and their whānau to develop a love of learning together. They will be eager and deeply engaged in their unique journeys of exploration and self discovery”*
  - iii. as part of their focus on lifting academic performance among priority learners, the applicant proposes to adopt a Steiner approach. It will do this by weaving together the complementary strengths of Kaupapa Māori and Steiner school philosophies
  - iv. there could be some difficulties for the Trust securing high quality staff trained in Kaupapa Māori and Steiner philosophies and confirming suitable premises in time for a 2015 opening. During contract discussions, the Ministry will require the applicant to demonstrate how they will mitigate these risks.

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<sup>1</sup> Years 1-6 typically have students aged 5-11. Years 7 and 8 typically have students aged 12-13. Years 9 and 10 typically have students aged 14-15 and Years 11-13 typically have students aged 16-18.

### ***The Pacific Peoples' Advancement Trust***

42. The Pacific Peoples' Advancement Trust proposes to open a senior secondary school (Years 11-13) located in Otahuhu with an opening roll of 100, targeting Pasifika students. Further details are:
- i. The Pacific Peoples' Advancement Trust was established in 2009 by Pasifika community leaders from across Auckland to promote and provide for an Auckland and Pasifika response to raising aspirations and successful outcomes for Pasifika through social and economic developments programmes
  - ii. the vision for their school is *"Enriched, vibrant, dynamic and successful Pasifika youth secure and confident in their educational pathway, identities, languages and cultures"*
  - iii. the proposed school will be a school for Pasifika, by Pasifika and determined by Pasifika. A key feature of the application is the provision of a critical support structures to enable youth to develop holistically as individuals, contributing positively to their families, communities and society as a whole.
  - iv. there may be some challenges for the Trust securing suitable premises in time for a 2015 opening. During contract discussions, the Ministry will require the applicant to demonstrate how they will mitigate this risk.

### ***Villa Education Trust***

43. Villa Education Trust proposes to open a middle school (Years 7-10) in West Auckland with an opening roll of 210, targeting Māori, Pasifika and students from lower socio-economic backgrounds. Further details are:
- i. the Villa Education Trust was established in 2002 to provide a governing body to their first school, Mt Hobson Middle School. In 2014 Villa Education Trust opened South Auckland Middle School, one of the Partnership Schools approved in the first round
  - ii. the vision for their school is: *"Through effective teaching, quality facilities, an optimal day structure, and an integrated curriculum – allowing young people to develop and learn so as to give them the base for excellence in all spheres of life"*
  - iii. the applicant presented a compelling business case that has a clear focus on priority students, demonstrating flexibility to meet student needs and work collaboratively with parents in educational partnerships that are focussed on the success of students.
  - iv. there may be some challenges for the Trust to establish in parts of Auckland where they had few links with the local community, and to secure suitable premises in time for a 2015 opening. During contract discussions, the Ministry will require the applicant to demonstrate how they will mitigate these risks.

### **He Puna Marama Charitable Trust**

44. He Puna Marama Charitable Trust proposes to open a primary school (Years 1-6) in Whangarei with an opening roll of 40, targeting Māori, students. Further details are as follows:
- i. He Puna Marama Charitable Trust was established in 1997 based in Whangarei. The Trust owns and operates four bi-lingual early childhood centres and operates a Leadership Academy for Māori boys. In 2014 the Trust opened Te Kura Hourua o Whangarei Terenga Paraoa as one of the first Partnership Schools
  - ii. the vision for their school is: *"Tu kit e marae....Tu kit e Ao (I can stand on the marae....I can stand in the world). To unlock the potential of our rangatahi while honouring the deeds of our tupuna"*
  - iii. He Puna Marama Charitable Trust is explicit about wanting to offer an education pipeline from early childhood, to school and through to adulthood. The proposed school would provide a suitable option for tamariki coming out of early childhood centres, and for whānau who wish to have their child in a Māori kaupapa-based kura
  - iv. there may be some challenges for the Trust's key management personnel to be able to manage across the proposed new school and the existing Partnership School and Leadership Academy. During contract discussions, the Ministry will require the applicant to demonstrate how they will mitigate this risk.

### **Risks**

45. The short timeframe for opening in Term 1 2015, means unforeseen circumstances (e.g. availability of property and/or trades people; staff and/or student recruitment) could compromise any of the proposed schools' ability to open. The existing Partnership Schools are clustered in Auckland and Northland and the new Partnership Schools are in the same areas, so the Ministry of Education can concentrate its support for the establishment of the schools, in these areas.

### **Evaluation**

46. Cabinet has previously noted the evaluation framework for Partnership Schools and that a three stage evaluation will be developed [SOC Min (13) 24/4].
47. The Ministry of Education has contracted Martin, Jenkins and Associates to evaluate the Partnership Schools | Kura Hourua model. The evaluation will run over four years, focusing on the Partnership Schools | Kura Hourua operating in 2014 and 2015. The focus is on the implementation and outcomes of the model rather than an assessment of the individual schools.

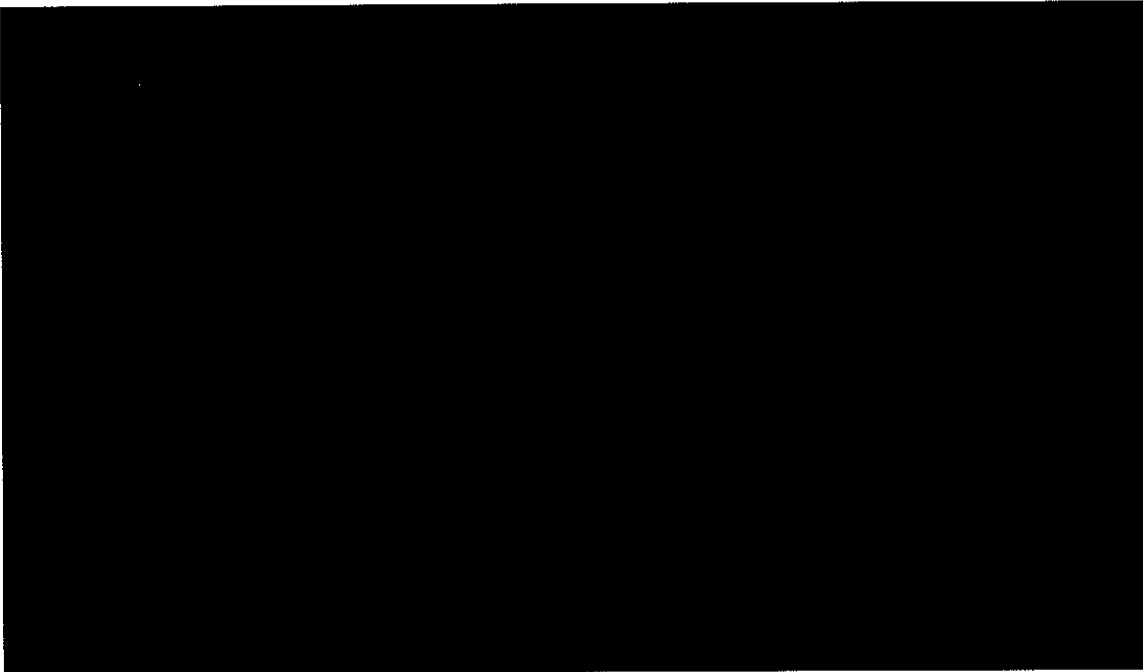
### **Consultation**

48. The Treasury has been consulted. The Department of the Prime Minister and Cabinet and the Education Review Office have been informed. I intend to inform the Authorisation Board of my decisions after Cabinet's decision has been confirmed.



## Financial implications

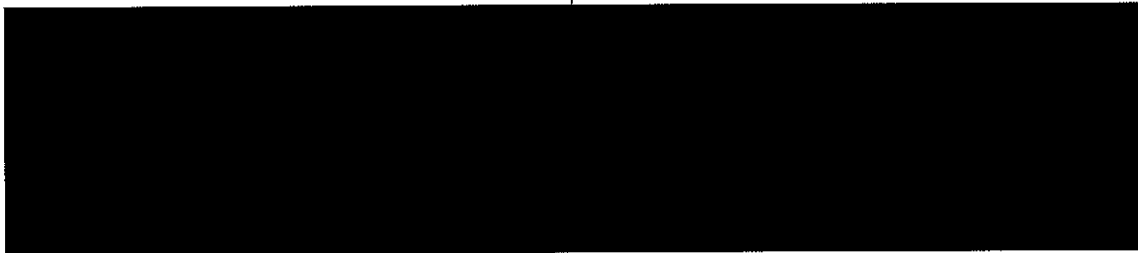
49. As part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (14) 13/8(10) refers].



### *Second round of schools* s 9(2)(f)(iv) OIA

52. The cost to establish four schools in the second round is \$15.352 million over four years.

s 9(2)(f)(iv) OIA



## Human rights gender, disability and legislative implications

55. There are no human rights, gender or disability implications. Because no further legislation is required, there is no need for a Regulatory Impact Statement.

## Publicity

56. Publicity will be managed carefully considering the need to manage community expectations and maintain the integrity of the procurement process.
57. I intend to proactively release the information about the Partnership Schools application and selection process at the appropriate time, including this Cabinet paper subject to any redactions that may be required.

## Recommendations

58. The Minister of Education recommends that Cabinet:

1. **note** that Section 158B of the Education Act 1989 empowers me, as Minister of Education, to approve a body to be a sponsor of a Partnership Schools | Kura Hourua (Partnership School)
2. **note** that the first five Partnership Schools opened in February 2014 and of those new schools, four have shown strong progress and are tracking well towards delivering on the contract outcomes
3. **note** one of the first Partnership Schools has faced a number of challenges, as schools often do when they first open but that all of the identified challenges have either now been overcome or are being managed
4. **note** that Cabinet agreed that there would be a Round Two for Partnership Schools with new schools to be opened in 2015 [SOC Min (13) 24/4 refers]
5. **note** that an application process has been completed in accordance with the requirements of whole of government procurement policies and 19 applications were received to set up a Partnership School
6. **note** that applications were evaluated by the Partnership Schools Authorisation Board, a statutory advisory group to the Minister of Education
7. **note** that eight applicants were shortlisted and I have received a report from the Partnership Schools Authorisation Board that recommended five applications be progressed into contract discussions
8. **note** of the five recommended applications, four show the strongest promise, they are:
  - i. **Manukau Urban Māori Authority** which proposes to open a primary school (Years 1-8) located in Mangere with an opening roll of 60, targeting Maori students
  - ii. **The Pacific Peoples' Advancement Trust** which proposes to open a senior secondary school (Years 11-13) located in Otahuhu with an opening roll of 100, targeting Pasifika students
  - iii. **Villa Education Trust** which proposes to open a middle school (Years 7-10) in West Auckland with an opening roll of 210, targeting Māori, Pasifika and lower socio-economic students
  - iv. **He Puna Marama Charitable Trust** which proposes to open a primary school (Years 1-6) in Whangarei with an opening roll of 40, targeting Māori students

9. **note** that I intend to exercise my statutory discretion to appoint sponsors only after contract discussions have been concluded successfully with each respective applicant
10. **note** that a dedicated team led by the Ministry of Education will undertake contract discussions on my behalf

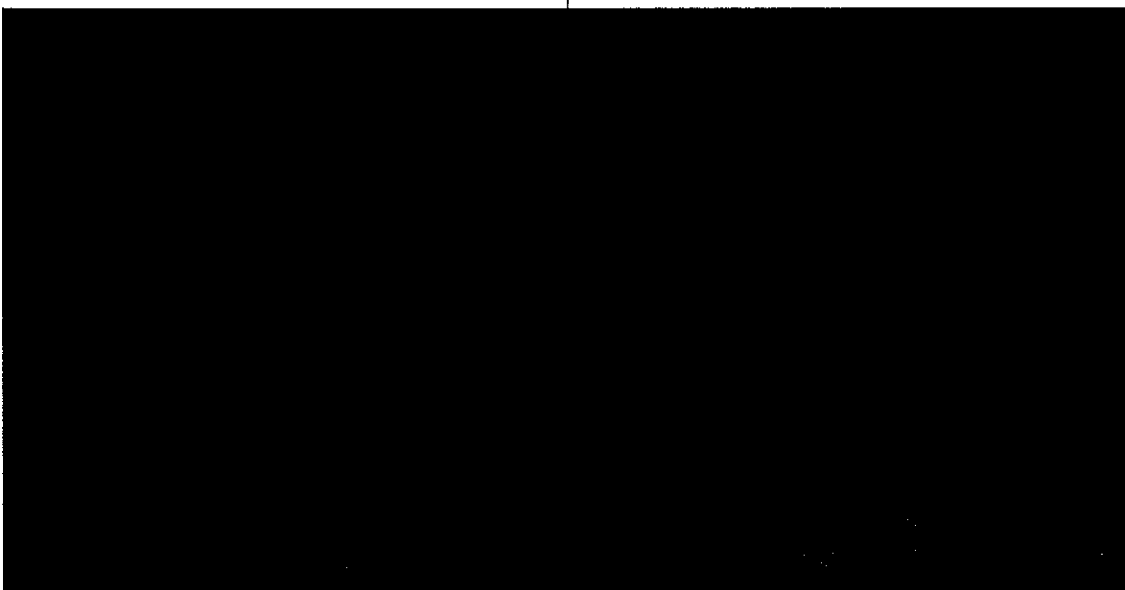
**Financial**

11. **note** that as part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (14) 13/8(10) refers]
12. **note** the cost of the four schools proposed to open in 2015 is \$15.352 million over four years

s 9(2)(f)(iv) OIA

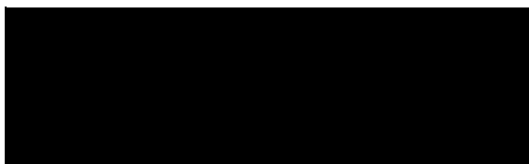


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**Publicity**

19. **note** that I intend to proactively release information about the Partnership Schools application and selection process at the appropriate time, including this Cabinet paper subject to any redactions that may be required.



s 9(2)(a) OIA

Hon Hekia Parata  
Minister of Education

26.6.14

**Annex – Average cost per student of new Partnership Schools compared to Partnership Schools at their maximum rolls**

1. Partnership Schools are fully-funded schools outside the state system, accountable to the Crown for raising student achievement through a contract to deliver a range of specified school-level targets.
2. The model for funding these schools is designed to allow for flexibility for sponsors to manage all their resources; provide a broadly similar level of funding to that for schools and students in the state system; be transparent; and allow the Crown to manage fiscal risk.
3. All schools cost more in their first years of establishment, whilst they grow their rolls to the planned capacity.
4. Operational Funding of Partnership Schools comprises four components:
  - i. property using Cash for Buildings and a contribution towards insurance costs based on the maximum roll of the school
  - ii. base funding – an amount paid based on the schooling type (primary, secondary, composite, etc) that is not influenced by the roll of the school
  - iii. per student Funding (cashed-up operations and staffing) calculated on the actual roll attending the school
  - iv. cashed-up centrally-funded support – an amount per student calculated on the actual roll attending the school.
5. The following tables set out the actual 2014 funding and the average per student funding for the first five Partnership Schools that opened in 2014 and theoretical funding per student of the same when these schools reach their maximum roll.

School Name	School Type	Opening Roll	2014 Funding	Average funding per Student
Te Kura Hourua O Whangarei Terenga Paraoa	Secondary (years 7-13)	50	\$2,016,630	\$40,333
Te Kura Hourua ki Whangaruru	Secondary (Years 9-13)	71	\$1,508,561	\$21,247
South Auckland Middle School	Middle School (Years 7-10)	90	\$1,340,940	\$14,899
Vanguard Military School	Senior Secondary (Years 11-13)	108	\$2,123,805	\$19,665
The Rise UP Academy	Primary (Years 1-6)	50	\$484,440	\$9,689

School Name	School Type	Maximum Roll	Funding at Maximum Roll	Average funding per Student
Te Kura Hourua O Whangarei Terenga Paraoa	Secondary (years 7-13)	300	\$3,356,280	\$11,188
Te Kura Hourua ki Whangaruru	Secondary (Years 9-13)	128	\$2,130,355	\$16,643
South Auckland Middle School	Middle School (Years 7-10)	120	\$1,551,090	\$12,926
Vanguard Military School	Senior Secondary (Years 11-13)	192	\$2,596,977	\$13,526
The Rise UP Academy	Primary (Years 1-6)	100	\$800,390	\$8,004