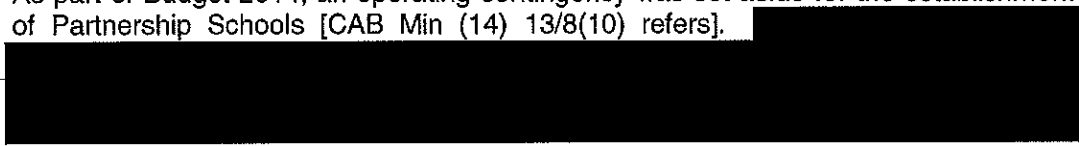


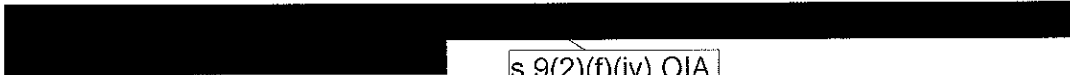
Education Report: Further advice on Preferred Partnership Schools | Kura Hourua 2014 Applications

Executive Summary

1. The Ministry of Education (the Ministry), in its role to support the Authorisation Board (the Board), has run an application process in accordance with the requirements of whole of government procurement policies.
2. The Board has proposed that five applicants proceed to contract discussions [METIS 864802 refers]. These (in ranked order) are:
 - 1 Manukau Urban Māori Authority
 - 2 The Pacific Peoples Advancement Trust
 - 3= Ngā Kākano o te Kaihanga Trust
 - 3= Villa Education Trust
 - 5 He Puna Marama Charitable Trust.
3. The Ministry has analysed the impact that the proposed new Partnership Schools would have on state and state integrated schools in nearby areas, and does not expect enrolments at the proposed Partnership Schools to affect the sustainable operation of existing schools.
4. The Ministry recommends that the following four applicants be selected as the preferred applicants to proceed to contract negotiations to establish a Partnership School to open in February 2015:
 - 1 Manukau Urban Māori Authority
 - 2 The Pacific Peoples Advancement Trust
 - 3 Villa Education Trust
 - 4 He Puna Marama Charitable Trust.
5. The Ministry has serious reservations about Ngā Kākano o te Kaihanga Trust's ability to transition to the Partnership Schools operating model and to successfully raise the educational achievement of the priority learner groups. We do not recommend that Ngā Kākano o te Kaihanga Trust be taken through to the contract negotiation stage.
6. For each of the recommended applicants, the Board and Ministry have identified areas that can be worked through during the negotiation process.
7. As part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (14) 13/8(10) refers]. 
8. The Ministry has prepared a Cabinet paper for the Cabinet Social Policy Committee (SOC) to note your intention to select the Partnership Schools from the second application round to enter into contract discussions.
9. Once you have informed Cabinet and made your decisions about the preferred applicants to proceed to contract negotiation stage to establish a Partnership School in 2015, the Ministry will contact each of the shortlisted applicants by telephone to advise them of the outcome of their application.

Recommendations

We recommend that you:

- a. **note** that the Ministry of Education has run an application process to operate a Partnership School in accordance with the requirements of whole of government procurement policies.
- b. **note** that a cross-Ministry evaluation team carried out extensive analysis of the written applications; conducted due diligence research; and attended all of the Authorisation Board's meetings and the eight interviews with short-listed candidates.
- c. **note** that the Authorisation Board has recommended that the following five applicants (in ranked order) be considered for Partnership Schools contract negotiations:
 - 1 Manukau Urban Māori Authority
 - 2 The Pacific Peoples Advancement Trust
 - 3= Ngā Kākano o te Kaihanga Trust
 - 3= Villa Education Trust
 - 5 He Puna Marama Charitable Trust.
- d. **note** that the Ministry's analysis of the shortlisted applicants has focussed on the quality of the proposed educational offering; the ability to provide value-add to priority groups; governance; property; teaching and management capability; and financial feasibility.
- e. **note** enrolments at any of the proposed Partnership Schools to open in 2015 are not expected to affect the sustainable operation of existing schools in the network.
- f. **note** as part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools in 2015 across four years.
- g. 
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- h. **note** the funding is sufficient to cover the residual shortfall associated to the first round of Partnership Schools [SOC Min (13) 24/4 refers].
- i. **note** selecting four of the five applications will deliver the greatest number of schools in the second round while ensuring the Government does not exceed the available budget.
- j. **note** for each of the recommended applicants, the Board and Ministry have identified areas that can be worked through during the negotiation process.
- k. **agree** that the following applicants be selected as preferred applicants to proceed to contract negotiations to establish a Partnership School | Kura Hourua to open in February 2015:

- | | |
|--|-----------------------------|
| 1. Manukau Urban Māori Authority | AGREE / DISAGREE |
| 2. The Pacific Peoples Advancement Trust | AGREE / DISAGREE |
| 3. Villa Education Trust | AGREE / DISAGREE |
| 4. He Puna Marama | AGREE / DISAGREE |

- l. **note** the Ministry of Education has serious reservations about Ngā Kākano o te Kaihanga Trust's, educational track record, ability to transition to the Partnership Schools operating model and to successfully raise the educational achievement of the priority learner groups.
- m. **note** the Ministry of Education does not recommend that Ngā Kākano o te Kaihanga Trust be taken through to the contract negotiation stage.
- n. **agree** that the applications to operate a Partnership School in 2015 from the following applicants that were interviewed be declined:

1. Auckland City Training School	AGREE / DISAGREE
2. Creators Collaborative Trust	AGREE / DISAGREE
3. Ngā Kākano o te Kaihanga Trust	AGREE / DISAGREE
4. Te Kōhao Health Limited	AGREE / DISAGREE
- o. **note** the Ministry plans to have contracts negotiated ready for execution by the end of July 2014.

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- q. **note** that the Ministry will contact all eight interviewed applicants informing them of your decision.
- r. **agree** that the attached Cabinet paper informing Cabinet of your intention to select the Partnership Schools from the second application round to enter into contract discussions is forwarded to the Cabinet Social Policy Committee (SOC).
- s. **forward** the attached paper to the Cabinet Office.
- t. **note** once you have informed Cabinet and made your decisions about the preferred applicants to proceed to the contract negotiation stage, the Ministry will contact each of the shortlisted applicants to advise them of the outcome of their application.



Rowena Phair
Deputy Secretary
Student Achievement

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Hon Hekia Parata
Minister of Education

10/2/14

Education Report: Further advice on Preferred Partnership Schools | Kura Hourua 2014 Applications

Purpose of Report

1. This report:
 - a. Provides further advice from the Ministry of Education to support your decision-making about which applicants should proceed into the contract negotiation stage to establish a Partnership School | Kura Hourua in 2015.
 - b. Seeks your agreement to proceed to contract discussions with four of the five recommended applicants.
 - c. Seeks your agreement to decline the remaining applicants.
 - d. Provides you with a Cabinet paper to inform the Cabinet Social Policy Committee (SOC) of your intention to select the Partnership Schools from the second application round to enter into contract discussions.

2. This report is a companion to Education Reports:
 - Update on Partnership Schools | Kura Hourua 2014 application process [METIS 860411 refers] that updated you on the process; provided information on the applicants selected by the Authorisation Board for interview and recommended 11 applicants be declined.
 - Advice on Preferred Partnership Schools | Kura Hourua applications 2014 [METIS 864802 refers] that informed you about the Board's ranked list of those applicants it recommends proceed into contract negotiations.

The Partnership Schools procurement process

3. The Ministry of Education, in its role to support the Authorisation Board (the Board), has run an application process in accordance with the requirements of whole of government procurement policies.
4. The Board and a cross-Ministry evaluation team carried out extensive evaluation process, including due diligence checks. Eight applicants were shortlisted, and interviews conducted. Following the interviews, the Board sought clarifications on some applicants as further due diligence. The Board conducted the reference checks.
5. On 12 May 2014, the Ministry provided you an update on the progress made in assessing the 19 applications and you approved declining 11 of the applications on the basis that these applications did not meet the minimum requirements specified in the Request for Application [METIS 860411 refers].
6. On 3 June 2014, the Ministry provided you with the Board's report with a list of its ranked recommendations of preferred applicants and rationale to be considered for Partnership Schools contract negotiations [METIS 864802 refers].
7. An evaluation summary, prepared by the Ministry evaluation team, for each of the eight interviewed applicants was provided to you on 3 June 2014 [METIS 864802 refers].

The Authorisation Board's recommendations

8. The Board has proposed that five applicants proceed to contract discussions [METIS 864802 refers]. These (in ranked order) are:
 - 1 Manukau Urban Māori Authority:
proposes to open a composite primary school (Years 1-8) located in Mangere with an opening roll of 60, targeting Māori students.
 - 2 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.
 - 3= Ngā Kākano o te Kaihanga Trust
proposes to open a composite school (Years 1-13) located in Henderson with an opening roll of 120, targeting Māori students.
 - 3= Villa Education Trust
proposes to open a middle school (Years 7-10) located in West Auckland with an opening roll of 210, targeting Māori, Pasifika and low socio-economic students.
 - 5 He Puna Marama Charitable Trust.
proposes to open a primary school (Years 1-6) located in Whangarei with an opening roll of 40, targeting Māori students.
9. For each of these recommended applicants, the Board has identified a number of areas where plans will be required [METIS 864802 refers]. Establishing how the applicant proposes to work through these areas will be determined during contract negotiations.

Network Implications

10. The Ministry has assessed the impact that the proposed new Partnership Schools will have on state and state integrated schools in nearby areas, and does not expect enrolments at the proposed Partnership Schools to affect the sustainable operation of existing schools. The Ministry will continue to monitor this.
11. Partnership Schools are an additional option for delivering education, particularly for those students who do not do well in the current system, and will not replace existing state schools.
12. Partnership Schools give parents extra choice in their local area, providing access to a different educational model to those choices currently being offered.
13. Four of the five recommended applications come from the Auckland region. Auckland is seen as an area of population growth with school-age population growth projected.
14. One of the five recommended applications comes from the Whangarei region. Whangarei is seen as an area of high demand for target populations; particularly Māori and students from low socio-economic backgrounds.
15. All the proposed Partnership Schools have indicated a maximum roll that is consistent with the Cabinet Guidelines (EHC Min (01) 7/5). The Ministry expects that some local schools may express concern about the location of the new Partnership Schools and the potential impact on their school.

16. Following the announcement of the successful schools for this application round, the Ministry will notify state schools in the location of the opening of a Partnership School in their catchment area. There is no requirement in the legislation that the Minister consults with State Schools when establishing a Partnership School, nor is it considered appropriate as these schools are selected through a procurement process.

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17.

[REDACTED]

was advised that He Puna Marama Charitable Trust has applied to open a Partnership School to cater for primary-aged Māori students located at 78 Tarewa Road, Otaika, Whangarei [METIS 852284 refers].

18. He Puna Marama Charitable Trust's proposed location for their school is 1.3km away from Hora Hora School. Hora Hora School is currently operating at 108% utilisation.

Financial Implications

19. In November 2013, Cabinet agreed to there being a Round Two for Partnership Schools. A three-stage external evaluation was also confirmed [SOC Min (13) 24/4 refers]. In July Martin, Jenkins and Associates, the supplier selected for the evaluation of the Partnership Schools model, will submit a detailed evaluation plan to the Ministry for approval. We will brief you at that time, before we approve the plan.

20. As part of Budget 2014, an operating contingency was set aside for the establishment of Partnership Schools in 2015 across four years [CAB Min (14) 13/8(10) refers].

21.

[REDACTED]

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22. Any approval to increase the maximum roll of any Partnership School is subject to that Sponsor demonstrating that it is meeting the educational performance standards set out in the contract. [REDACTED]

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23. When funding was estimated for Budget 2013 for the first Partnership Schools to open in 2014, it was not known what types and sizes of schools would be received from the market. The cost of establishing five Partnership Schools in 2014 exceeded the funding available in Budget 2013.

24. The funding as part of Budget 2014 is sufficient to cover the residual shortfall associated with the first round of Partnership Schools [SOC Min (13) 24/4 refers].

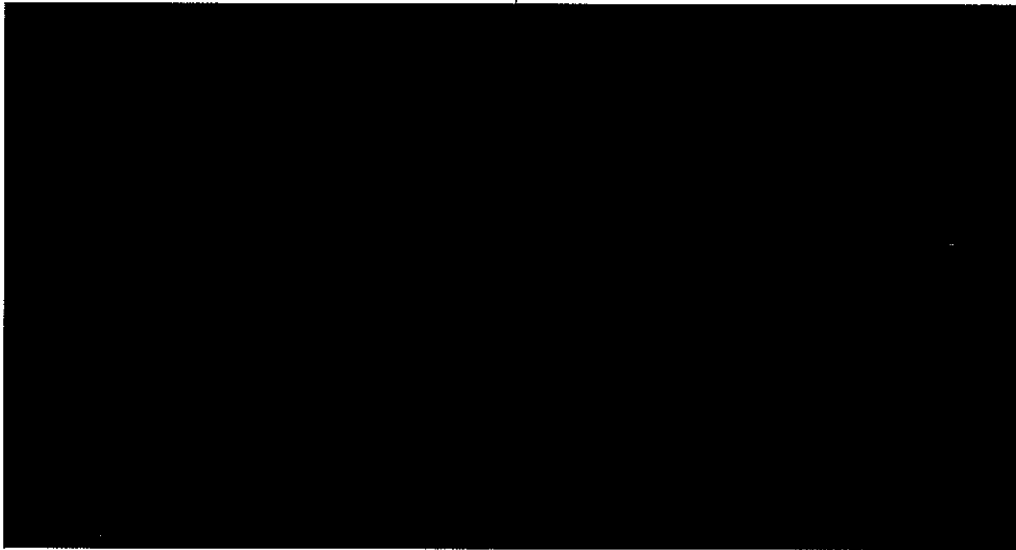
25.

[REDACTED]

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REDACTED



Financial Implications - Comment

26. We cannot recommend a proposal that has a financial impact that exceeds the available budget. Scenarios three and four would result in a shortfall in funding [REDACTED]
[REDACTED] s 9(2)(f)(iv) OIA
27. The negotiation stage may allow the Crown's exact financial commitments for proposed new schools to be fine-tuned. However, we advise that negotiations will not provide an opportunity to substantially revise the total costs as detailed by the applicants' in their original proposals.
s 9(2)(f)(iv) OIA
28. [REDACTED] In considering the scenarios, our critical consideration was the four year cost and ensuring no deficit would occur.
29. Scenarios one and two can be provided for within the funding provided within the 2014 operating contingency [REDACTED]
[REDACTED] s 9(2)(f)(iv) OIA
30. We recommend scenario two would deliver the greatest number of schools in the second round while ensuring the Government does not exceed the available budget.
[REDACTED] s 9(2)(f)(iv) OIA
31. The Board's recommendations were based solely on their assessment of the applications and the interviews held. The Board was advised by you, on 15 May 2014, that a contingency had been created to cover additional costs and for a second round of Partnership Schools.

Areas for negotiation

32. The Ministry has identified additional areas to those identified by the Board [METIS 864802 refers] that will need to be addressed in the set-up phase, if approved for negotiation. These areas are:

Manukau Urban Māori Authority

33. The key areas to be addressed are:

- Confirmation of the proposed property currently occupied by Manukau Urban Māori Authority.
- The need to secure high quality staff, including an educational leader, trained in Kaupapa Māori and Steiner philosophies, capable of developing and delivering the academic curriculum in 2015.
- Recruitment of project management expertise to manage the work required to establish the school.

The Pacific Peoples Advancement Trust

34. The key areas to be addressed are:

- Ability to secure and adapt suitable premises in time to open in 2015.
- The historical financial position of the organisation.

Ngā Kākano o te Kaihanga Trust

35. The key areas to be addressed are:

- Ability to successfully transition to Partnership school model.
- Ability to develop and transition to a new curriculum that is aligned with the New Zealand Curriculum, and the delivery of their proposed curriculum.
- Recruitment, appointment and retention of an experienced educational leader and high quality registered teachers.
- Recruitment of project management expertise to manage the work required to establish the school.
- Ability to secure and develop the facilities and infrastructure for the proposed size of the school.

Villa Education Trust

36. The key areas to be addressed are:

- Ability to transfer to parts of Auckland where the applicant has no existing presence and few links with the local community.
- Building sufficient community support for the Villa school to achieve enrolment targets.
- Managing the risk created by the over commitment of key management personnel to the proposed Partnership School, South Auckland Middle School (Partnership School) and Mt Hobson Middle School (Private School).
- Ability to secure and adapt suitable premises in time, compromising the ability of the applicant to open in 2015.

He Puna Marama Charitable Trust

37. The key areas to be addressed are:

- Managing the risk created by the over commitment of key management personnel to the proposed Partnership School, Te Kura Hourua o Whangarei Terenga Paraoa (Partnership School) and the Leadership Academy of A Company.
- The perceived need to appoint a separate Principal to manage the school. Have indicated that one Principal would cover both schools being operated by the Trust.
- The geographic location in relation to Te Kura Hourua o Whangarei Terenga Paraoa (Partnership School) (2.1km travelling distance).
- [REDACTED] s 9(2)(f)(iv) OIA

Preferred Option

38. The Ministry recommends that the following four applicants be selected as the preferred applicants to proceed to contract negotiations to potentially be approved to establish a Partnership School to open in February 2015:


- 1 Manukau Urban Māori Authority
- 2 The Pacific Peoples Advancement Trust
- 3 Villa Education Trust
- 4 He Puna Marama Charitable Trust.

39. Ngā Kākano o te Kaihanga Trust applied to operate a Partnership School in 2014 and was unsuccessful. The application for this round was considered to be stronger and had some strengths as noted by the Board (METIS 864802 refers).

40. The Ministry, however, continues to have 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). On this basis, the Ministry does not recommend that Ngā Kākano o te Kaihanga Trust be taken through to the contract negotiation stage.

41. The weaknesses of Ngā Kākano's application were compounded by the overall budget limitations. The budget limitations were pertinent to why the Ministry selected Scenario 2 as the recommended option. As mentioned, this is because we cannot recommend an option that would exceed the budget. However, increasing the available budget would not effectively address the Ministry's reservations with Ngā Kākano's application.

Negotiation timeline

42. We plan to have contracts negotiated ready for execution by the end of July/early August 2014.
43. It is expected that two of the negotiations would be straightforward given that they are already holders of a Partnership School contract awarded in 2013 [METIS 810310 refers].
44. The remaining applicants are new to the process and will need to fully understand the requirements, to a level sufficient to provide you with the confidence that they will successfully deliver the required outcomes.
45. 

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Next steps

46. Once you have made decisions about your preferred applicants to proceed to contract negotiation stage to establish a Partnership School in 2015, the Ministry will contact each of the shortlisted applicants by telephone to advise them of the outcome of their application.
47. This will be followed by a formal letter from the Ministry advising the same. Unsuccessful applicants will be offered the option of a full debrief by the Ministry.
48. Those applicants selected to enter into contract negotiations will be contacted by the Partnership Schools Procurement Manager and arrangements made for the negotiation process.
49. The Ministry has prepared a Cabinet paper for the Cabinet Social Policy Committee (SOC) to note your intention to make these decisions, as attached.
50. The Ministry will develop a negotiation plan for each preferred applicants taking into account any concerns or risks that were identified through the application evaluation. This will include exploring the Authorisation Board's recommendation that He Puna Marama's application be treated as a contract extension. As this differs to the application received, the matter requires the applicant's agreement through contract negotiations. If it is agreed with He Puna Marama then it will affect the form of the agreement but will not affect the financial implications of the new provision.
51. The Ministry will also explore whether it is practical and more efficient to use a head agreement with schedules for those Sponsors already operating a Partnership School who have applied to operate a second Partnership School. You will be provided with further advice on this matter when we update you on the progress of the contract negotiations once they commence.
52. A communications plan will be developed in consultation with your Office.
53. A proactive release of your official advice about the Second Application Round will be prepared for public release, ready in time for the announcement of successful contracts being awarded, likely in late July or early August 2014.