


6 September 2013

Education Report: Cabinet report-back: Policy and Fiscal Implications of Annual Application Rounds for Partnership Schools

In July 2013 Cabinet invited you to report to the Cabinet Social Policy Committee in September 2013 on the policy and fiscal implications of an annual round for Partnership Schools | Kura Hourua (PSKH). This paper sets out some of those implications and suggests approaches for managing them for your consideration.

Recommendations

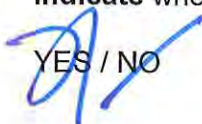
We recommend the Minister of Education

- a. **note** that Cabinet has invited you to report back on the policy and fiscal implications of an annual round for establishing PSKH
- b. **note** that the main potential policy benefits from annual application rounds include increased choice for parents; opportunities to try new approaches; an increased potential for PSKH to contribute to the overall education system; and opportunities to make successful and innovative practice more widespread
- c. **note** that the main potential policy costs of annual application rounds include managing the impact of additional PSKH on the overall schooling network; potential inconsistencies between the sizes of PSKH and what is considered an efficient size for a state school; and risks from expanding the network of PSKH before evaluating the model as outlined in an earlier Cabinet paper
- d. **note** that the main fiscal implications of annual application rounds include the costs of establishing new schools, especially when they are small; the need to consider PSKH eligibility for new initiatives; and the costs of supporting new sponsors
- e. **note** that some of the issues raised could be managed by:
 - giving stronger directions at the start of each round regarding the types of schools that the Government is seeking, such as institutions that include both an ECE and a primary school component
 - improving the transparency of the selection process so that there is public input into decisions that could affect communities
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- f. **indicate** whether you are comfortable with taking these suggestions to Cabinet

YES / NO



g. **forward** this paper to the Associate Minister of Education, Hon John Banks, for his comment

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AGREE / DISAGREE



-ben o'meara

Ben O'Meara
Group Manager Schooling Policy

NOTED / APPROVED

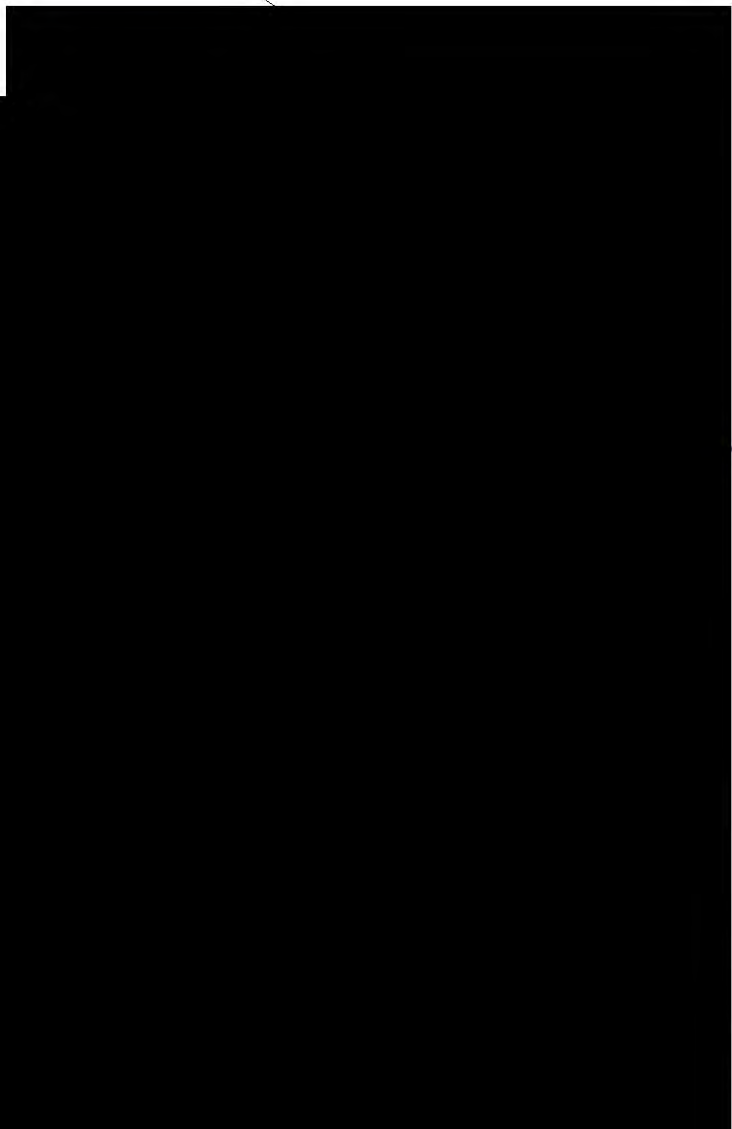
[Handwritten signature: Hekia Parata]

Hon Hekia Parata
Minister of Education

25 SEP 2013

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Education Report: Cabinet report-back: Policy and Fiscal Implications of Annual Application Rounds for Partnership Schools

Purpose of report

1. This paper sets out some of the policy and fiscal implications of an annual application round for establishing Partnership Schools | Kura Hourua (Partnership Schools). It suggests approaches to manage these implications for your consideration.

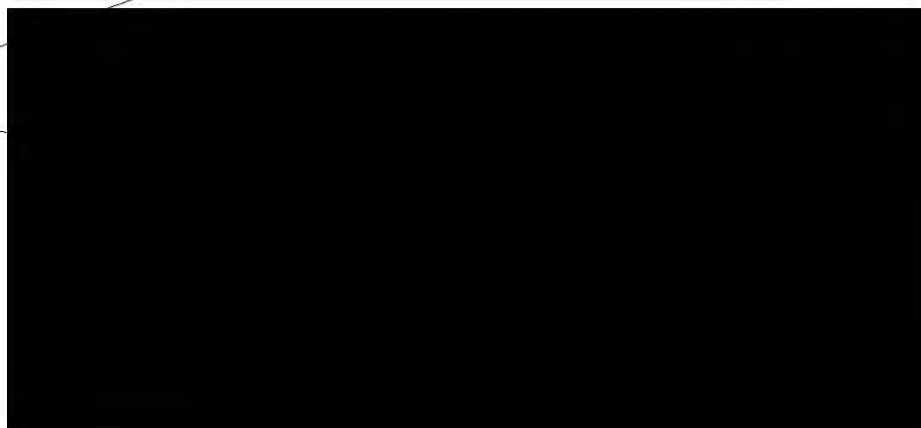
Background

2. In July 2013 Cabinet
“agreed in principle to an annual application round with procurement commencing in October 2013, contingent on the necessary funding being included in Budget 2014, with a second tranche of Partnership Kura opening in Term 1, 2015;

invited the Minister to report to the Cabinet Social Policy Committee in September 2013 on the policy and fiscal implications of an annual round;” [CAB Min (13) 24/15 refers].
3. We have had initial discussions with the Treasury who proposed this recommendation. We will table this paper for discussion by the Authorisation Board at their meeting on 11 September 2013.



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Policy Implications

5. An annual round that establishes a few Partnership Schools a year will have both benefits and costs. The main implications that we suggest you present to Cabinet are set out below.

6. The main potential benefits of annual application rounds that would, over time, create a critical mass of PSKH are:
- **increased options for parents.** Annual rounds will mean increased choice for parents within the catchment area of PSKH about the type of school their child attends, potentially leading to better educational outcomes
 - **an ability to support a wider range of educational options.** Increasing the numbers of Partnership Schools could increase the potential for innovative approaches, such as establishing new types of PSKH that cross existing sector boundaries or adopt new learning approaches.
 - **an increased contribution to the overall education system.** The model could, for example, be used to relieve pressure on the Crown in areas of roll growth where there is a need for increased provision by having a mix of state schools, integrated schools and Partnership Schools. This might mean widening the focus of the schools from priority learners.
 - **increased opportunities to adapt successful and innovative practice in PSKH for use in state schools.** Possible examples could be the ways that PSKH provide pastoral care for their students or manage PLD for their workforce.
7. Some of the potential costs of an ongoing expansion in the number of PSKH are:
- **managing the impact of additional Partnership Schools on the overall network of schools.** Tensions may arise between choosing the strongest applications, which may be in areas where additional capacity is not needed, and not having sufficient high quality applications in areas of high student demand
 - **potential inconsistencies between the sizes of PSKH and what we consider to be an efficient size for a state school.** If the trend for small Partnership Schools continues, it will be difficult to reconcile with current state school policies that aim to achieve the benefits of scale for students, including broader curriculum options and greater teaching specialisation.
 - **risks in moving from what was described as a pilot to an ongoing roll-out before evaluating the model.** Committing to ongoing annual rounds now will reduce the potential for evaluation of the early schools to be taken into account before a long term roll-out. The Cabinet paper “Developing and Implementing a New Zealand Model of Charter School” which has been proactively released contains the following wording

“A strong evaluation programme will be put in place that thoroughly examines the impact and effectiveness of the first such schools. This will enable us to make informed decisions about whether or not to open further such schools in the future” [CAB Min (12) 26/6 refers].

Fiscal Implications

8. Some of the fiscal implications are:
- **the costs of establishing new schools, especially when they are small.** The development of a resourcing formula for Partnership Schools based on equivalence with state schools has highlighted the significant amount of base resourcing that state schools get that is not roll-related. This is to ensure that they are viable, regardless of the number of students that they enrol. It means

that adding any new schools to the system comes at a cost, especially if the schools are small.

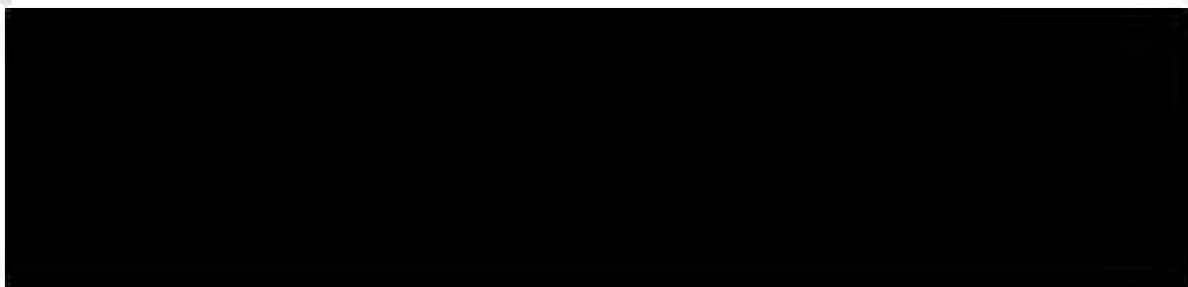
- **need to consider eligibility for new initiatives.** When new initiatives arise, the inclusion of extra schools from the Partnership Schools programme will add to the costs
- **the costs of supporting new sponsors.** Many applications came from groups with little or no experience of running a school or managing large contracts. There may be a need to consider funding for development and support of potential and new sponsors.

Possible solutions

9. Some options that could be used to off-set some of the issues outlined above are:

- **stronger indications of Government expectations.** When calling for a new round of applications, the Government could indicate what factors will be considered in determining the successful applications. This could identify particular geographical areas; particular students; or particular types or sizes of school. This would allow the Government to steer the decisions about the schools that get selected but would not rule out the selection of any proposal that was outstanding but did not fit within these factors
- **improving the transparency of the selection process.** The requirement for confidentiality during applications and negotiations sits uneasily with the public interest in having input into decisions that could affect communities. There are public consultation processes when new state schools are being established and when schools are proposed for integration. A similar process could be used by the Authorisation Board for input into the consideration of short-listed candidates

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11. We are seeking your feedback on the suggestions above prior to preparing a draft Cabinet paper on the policy and fiscal implications of annual application rounds.