

## Education Report: Further Advice on Tertiary Education Institutions as Sponsors of Partnership Schools

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This paper responds to Minister Joyce's request for further advice on the policy rationale for changing legislation to allow Tertiary Education Institutions (TEIs) to become sponsors of Partnership Schools | Kura Hourua (Partnership Schools).

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### Recommendations

#### We recommend that you:

- a) **note** that the Government is looking for sponsors who have the organisational, governance and financial capability to make effective use of the Partnership School model to provide an effective education for priority students
- b) **note** that, to date, many potential sponsors of Partnership Schools have been small community organisations, and we have not seen the emergence of the larger organisations that act as sponsors of similar types of schools in England or the United States
- c) **note** that in the United States, universities are associated with charter schools, and in England, with free schools or academies
- d) **note** that this can take the form of full sponsorship or co-sponsorship with other organisations and that there is often a special relationship with a university's teacher education department
- e) **note** that, in England, two government initiatives are encouraging universities to set up academies and free schools focussed on increasing the numbers of well-prepared students moving into tertiary education in technical subjects, and improving mathematics education by partnering university and secondary school expertise
- f) **note** that TEIs have the potential to diversify the current range of sponsors in ways that will strengthen the network of Partnership Schools because they can have:
  - a proven track record as capable managers of significant budgets
  - links with industry that could enable them to identify new ways to ensure that school students have the knowledge and skills that industry requires
  - links with secondary education through secondary/tertiary programmes
  - a good understanding of the latest educational research and practice
- g) **note** that the main risks in allowing TEIs to become sponsors of Partnership Schools are:
  - TEIs becoming distracted from the core business of being a provider of tertiary education

s 9(2)(f)(iv) OIA, s 9(2)(g)(i) OIA

h)

- i) **note** that, on balance, we consider that the benefits of allowing TEIs to become sponsors of Partnership Schools outweigh the risks
- j) **indicate** whether you wish us to proceed with further work on this policy change.

YES/NO

YES/NO

s 9(2)(a) OIA

Ben O'Meara  
Group Manager  
Schooling Policy

s 9(2)(a) OIA

Hon Steven Joyce  
Minister of Tertiary Education, Skills and Employment

Hon Hekia Parata  
Minister of Education

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13.5.14

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### Purpose of report

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1. This paper responds to Minister Joyce's request for further advice on the policy rationale for changing legislation to allow Tertiary Education Institutions (TEIs) to become sponsors of Partnership Schools | Kura Hourua ("Partnership Schools").

### Background

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2. Partnership Schools have a focus on innovative education to lift achievement for priority learners (Māori, Pasifika, students with special education needs and students from low socio-economic backgrounds). They need strong, capable sponsors with a vision and understanding of what will work to raise student achievement.
3. The majority of applications to date to sponsor Partnership Schools have been from relatively small organisations, many of them charitable trusts with limited proven organisational and governance experience. We have not seen the emergence in New Zealand of any of the larger organisations that act as sponsors of similar types of schools in England or the United States. These include large companies and foundations, wealthy philanthropists, or education chains.

### Role of sponsors of Partnership Schools

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4. The Government is looking for sponsors that can make effective use of the flexibilities and freedoms offered by the Partnership School model to provide a compelling education programme that will make a difference for their target students. Partnership Schools are expected to have a point of difference from state and state-integrated schools.
5. Sponsors must be incorporated bodies. They provide the vision and mission-statement for the new school, sign the contract with the Crown and hold the ultimate responsibility for the success or failure of the school. Sponsors may, however, delegate the day-to-day management of the school.
6. Potential sponsors must go through a rigorous application and selection process. Their applications must demonstrate an innovative approach to education that works for those students who have not been well-served by the education system. They also need to demonstrate that they have the organisational, governance and financial capability and competence to implement their proposals, and manage a significant contract with the Crown.
7. Partnership School sponsors are required to report quarterly against the educational and financial performance targets set out in their contracts. One percent of their funding is withheld to ensure that they meet these targets. The Minister of Education can terminate the contract for poor performance.



## International Precedents

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8. In the United States, universities are associated with charter schools, and in England, with free schools, or academies. It is more difficult to find examples involving the equivalent of polytechnics.

### United States

9. Some universities are full sponsors of charter schools. For example, the University of Chicago sponsors the University of Chicago Charter School, which aims to accelerate learning, develop college readiness, and cultivate self-responsibility and leadership. There is often a special relationship with a university's teacher education department.
10. Some universities partner with other organisations as sponsors of charter schools. For example, Rutgers University has faculty members on the board of the LEAP Academy, which acts as a feeder school for the university. In this scenario, the university will have influence but not control over the school. In some cases, the charter school and the university may be co-located and share services, but the university has no role in governance.
11. Universities can also be accredited as charter school authorisers, deciding whether charter school applicants meet the requirements to become chartered. In New Zealand, this role is carried out by the Minister of Education with advice from the Authorisation Board.

### England

12. In England, universities are full sponsors of free schools and academies, as well as co-sponsors in partnership with other organisations. For example, the University of Birmingham will open its own free school in 2015 for students aged from 11 to 19, designed to get city children from all backgrounds into top institutions. The school will be a leading centre for teacher training and will work closely with the University's education department, driving research in teaching and school improvement.
13. Two further recent developments are of interest. Universities are being urged by the government to sponsor new free schools specialising in mathematics. The intent of the initiative is to create a network of free schools teaching 16-19 year-olds under the aegis of their local universities. This will strengthen maths education at secondary school by providing academic support and strong links between higher education and local populations. If it proves to be a success, the model may be extended to other subject areas, especially science. Two universities – Exeter and King's College, London – opened maths schools in 2014.
14. A second initiative is the University Technical College. These institutions are like academies/free schools but they must have a university as a lead sponsor. They must offer technically-oriented courses of study. Twenty were opened at the beginning of this year, many with large companies as co-sponsors. Their aim is to ensure more students go on to undertake higher-level courses of study in technical subjects, having developed a strong base in secondary education.

## Benefits of TEIs as sponsors of Partnership Schools

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15. TEIs have the potential to diversify the current range of sponsors in ways that will strengthen the network of Partnership Schools. Many have long track records as capable educational managers of significant budgets. Many have strong ties with industry, which put them in a good position to identify new ways to ensure that school students have the knowledge and skills that industry requires. Being the sponsor of a Partnership School could supplement the growing connections between secondary and tertiary education through programmes such as trades academies.
16. Many TEIs have links to the latest thinking in pedagogy through departments that provide initial teacher education and teacher professional learning and development. Academics within TEIs will be familiar with the latest educational research. This could result in soundly-based proposals for education programmes in Partnership Schools that use the best available knowledge of practice and theory.
17. Overseas jurisdictions are using TEI sponsorship as one way to help solve difficulties in recruiting students in the science, maths and technical areas. New Zealand has similar issues that could benefit from a similar approach.

## Risks

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18. One risk is that a TEI could lose the focus on its core business as a provider of tertiary education by being the sponsor of a Partnership School. This is less likely to be a significant risk for the larger and more capable institutions where sponsoring a Partnership School will be a minor “add-on” activity.
19. TEIs would be likely to set up related entities to govern any Partnership Schools that they sponsored. The sponsors of the existing Partnership Schools have set up separate legal entities for the school, as this separates the school's activities from other aspects of the sponsor's business.  
§ 9(2)(f)(iv) OIA, § 9(2)(g)(i) OIA
20. Financial risk could arise if a TEI undertook significant capital investment in the Partnership School. The Partnership School funding model does not deliver capital funding in a lump sum before the school is established, but provides a capital equivalent through annual payments over a forty year period.  
§ 9(2)(f)(iv) OIA, § 9(2)(g)(i) OIA
21. To mitigate these risks, there would need to be strong accountability systems through both the TEI monitoring processes, and Partnership Schools selection and monitoring processes. The Financial Monitoring Framework used by the Tertiary Education Commission and monitoring by the New Zealand Qualifications Authority should be sufficient to keep the focus of TEIs that are sponsors of Partnership Schools on their tertiary purpose.
22.  
§ 9(2)(f)(iv) OIA



- [REDACTED]
23. The rigorous accountability requirements for Partnership Schools, both during the selection process and once the schools are established should also ensure that the risk of poor performance remains low. The selection process involves an extensive evaluation against agreed criteria, due diligence, and an interview with short-listed applicants. This identifies proposals that are weak in either educational or management/governance expertise to ensure that these applications do not proceed. The TEC and NZQA would be consulted if a TEI applied to be the sponsor of a Partnership School.

#### Conclusion

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24. TEIs have the potential to improve the quality of the sponsorship of Partnership Schools due to their scale, educational expertise and links to industry. They would be closer in nature to some of the larger organisations that sponsor Partnership Schools in overseas jurisdictions. There are international precedents for TEIs as sponsors of the equivalent of Partnership Schools that indicate benefits for the TEIs as well as for school students.
25. Risks relate to a loss of focus on tertiary outcomes; loose accountability if responsibility is delegated to a related entity; [REDACTED] Effective selection methods, current policy work and ongoing monitoring activity would decrease these risks. s 9(2)(f)(iv) OIA, s 9(2)(g)(i) OIA
26. On balance, we consider that the benefits of allowing TEIs to become sponsors of Partnership Schools outweigh the risks.