

Education Report: Progress report on Partnership Schools | Kura Hourua contract negotiations for round two

Executive Summary


1. This report updates you on the progression of the contract negotiations with the four preferred applicants to open a Partnership School | Kura Hourua in 2015.
2. The Ministry aims to successfully conclude contract negotiations with all four applicants by no later than the end of August 2014, with an establishment date for the schools in February 2015.
3. The Authorisation Board and the Ministry of Education have identified specific areas relating to each proposal that need to be addressed in the set up phase. Initial discussions with all four applicants are on track and most of the identified issues have been adequately addressed. Discussions are continuing.
4. The Ministry has not identified any other critical issues at this time that will prevent the preferred applicants from successfully completing the contract negotiation process. However, progress with each applicant is being monitored closely.

Recommendations

We recommend that you:

- a. **note** that the Ministry is currently working with four preferred applicants to reach contractual agreement on the terms and conditions for operating a Partnership School
- b. **note** initial discussions with all four applicants are on track and most of the identified issues have been adequately addressed
- c. **note** across all four applicants, there is a general reluctance to execute certain aspects of their proposals (primarily recruitment and property) until they have a signed Agreement
- d. **note** that the Ministry has not identified any other critical issues at this time that will prevent the preferred applicants from successfully completing the contract negotiation process
- e. **agree** this report be forwarded to the Partnership Schools Authorisation Board for their information

AGREE / DISAGREE



Katrina Casey
Deputy Secretary
Sector Enablement and Support

s 9(2)(a) OIA



Hon Hekia Parata
Minister of Education

12/8/14

Education Report: Progress report on Partnership Schools | Kura Hourua contract negotiations for round two

Purpose of Report

1. This report updates you on the progression of the contract negotiations with the four preferred applicants to open a Partnership School | Kura Hourua in 2015.

Background

2. Cabinet noted your intention to undertake contract negotiations with four applicants on 7 July 2014 [CAB Min (14) 23/14]. On 10 July 2014 you approved four applicants to proceed to contract negotiations to establish a Partnership School to open in February 2015 [Metis 865557]. They are:
 - Manukau Urban Māori Authority
 - Pacific Peoples' Advancement Trust
 - Villa Education Trust
 - He Puna Marama Trust.

Process for Contract Negotiations

3. The objectives of the negotiations are to:
 - ensure that preferred applicants are fully cognisant of, and agree to, all of the terms and conditions in the contract
 - confirm the arrangements for the proposed school including its mission and vision; roll; curriculum; facilities and applicable funding
 - mitigate risks and/or issues that were identified in the application evaluation process
 - give the Ministry a detailed understanding of the supports the school may require for successful set up
 - confirm a clear sponsor-led transition from the point of award of contract to the opening of the school in 2015, and
 - establish an open and trusting relationship with each sponsor.
4. A number of face to face meetings with each preferred applicant have taken place in Auckland and Whangarei from 22-29 July 2014. The process is likely to require further rounds of meetings and discussions.
5. We previously indicated that it was expected two of the negotiations would be straightforward given that they are already holders of a Partnership School contract awarded in 2013 [Metis 865557].
6. The remaining two applicants are new to the process and are required to fully understand the requirements, to a level sufficient to provide you with the confidence that they will successfully deliver the required outcomes.

Sponsor Specific Issues

7. The Authorisation Board [Metis 864802] and the Ministry [Metis 865557] identified areas that would need to be addressed in the set-up phase, if approved. The following section provides an update on progress towards resolving those issues.

He Puna Marama Trust

#	Issue	Update
1	Appointment of experienced education leadership	Education leadership will be provided from within existing resources and supported by an academic team. The academic team will be fully in place by mid 2016 (refer point 3)
2	Managing the risk created by the over commitment of key management personnel to the proposed Partnership School, Te Kura Hourua o Whangarei Terena Paraoa and the Leadership Academy of A Company	He Puna Marama Trust have a strong management structure providing support across the organisation and have provided assurance that they can effectively manage all of their commitments.
3	The perceived need to appoint a separate Principal to manage the school. The Trust has indicated that one Principal would cover both schools operated by the Trust	The existing Kaiwhakahaere will oversee both schools with support from an academic team. The Trust plans for the recruitment of an Academic Leader for each of the Partnership Kura, one to start in 2015 at the new Partnership Kura and the other in 2016 to manage the delivery of education at Te Kura Hourua o Whangarei Terena Paraoa.
4	The geographic location in relation to Te Kura Hourua o Whangarei Terena Paraoa (2.1km travelling distance)	The Trust's intention is to offer an education pipeline from early childhood to school and through to adulthood. Their new Partnership Kura will be adjacent to their existing early childhood centre. Despite the 2.1km distance between the two Kura, the Kaiwhakahaere will provide the necessary link between the two Kura.
5	Resistance from local primary schools in the area	The Trust plans to meet with the two closest primary school principals once the announcement has been made communicating the successful applicants to open a Partnership School in 2015.
6	Assurance that sufficient resources are in place to ensure that adding primary classes will not put the existing school at risk	The Trust has indicated that they will have the appropriate resources in place for the exclusive use at this Kura so as not to put their existing Kura at risk.

8. Initial discussions with He Puna Marama Trust are on track and the Trust has adequately addressed the identified issues set out in the table above. Following a meeting on 29 July 2014, three further key areas of discussion have taken place.

i. Over-commitment of the Kaiwhakahaere to the proposed Partnership Kura and Te Kura Hourua o Whangarei Terena Paraoa

The Trust has indicated that their Kaiwhakahaere will project manage the new Kura along with continuing to oversee the existing Partnership Kura, Te Kura Hourua o Whangarei Terena Paraoa.

The Trust prefers to retain the intellectual property within the organisation rather than engage external support (as was done with the opening of their first Partnership Kura). They will therefore use an internal member to oversee the development of the Kura and only employ specialist expertise at certain points in the process, for example to manage the property development.

ii. Proposal to increase maximum school roll from 100 proposed in their application to 150 students.

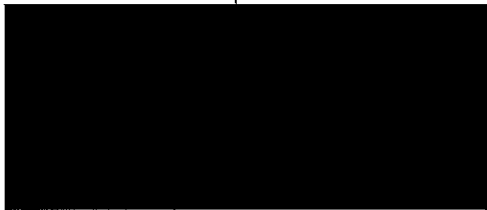
Discussions have taken place to consider a maximum school roll of 150 from the 100 originally proposed. This is seeking to ensure that successful partnership schools are "large enough to be comfortably viable", one of the government preferences referred to in the Request for Application documents.

iii. Community and sector response to their proposed second Partnership School

The Trust anticipates a high probability that they may receive a negative response from other primary schools in the area and the teacher unions if they are successfully awarded a contract to open another Partnership Kura.

The Trust is planning to meet with the two local primary school principals following the final decision/announcement to inform them about their proposed Kura.

Manukau Urban Māori Authority (MUMA)

#	Issue	Update
1	Confirmation of the property occupied by MUMA	s 9(2)(b)(ii) OIA 
2	Appointment of experienced education leadership	MUMA plans to appoint two leadership roles, one responsible for education and the other to administer the school. They have identified potential candidates with the required skill set for these two roles. MUMA have confirmed pending recruitment of an education lead who will commence as soon as they have a signed Agreement.

#	Issue	Update
3	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	MUMA will be working with Auckland University of Technology (AUT) throughout the establishment phase, developing the curriculum and assisting with recruitment. MUMA has identified a number of potential staff and are awaiting a signed Agreement before they get their recruitment process underway.
4	Recruitment of project management expertise to manage the work required to establish a school	MUMA have identified an architect who will manage the property build. The full programme of work will be overseen and managed by their General Manager.

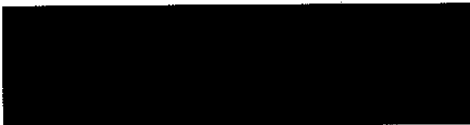
9. Initial discussions with MUMA are on track and the Authority has adequately addressed three of the four identified issues set out in the table above. The use of the proposed property to locate the school has not been resolved. MUMA, on advice from the Ministry, have agreed to investigate alternative property options should they not be able to use the proposed location.

10. One further key area of discussion has taken place:

- i. Proposal to increase maximum school roll from 155 proposed in their application to 200 students*

MUMA indicated at the interview stage, they would seek approval to operate a school with a maximum roll of 200, over the proposed 155 referred to in their application. The applicant is highly confident of their ability to attract the students by leveraging their existing relationships, with whānau and the community. The Ministry does not see any material impediment to proceeding on this basis.

The Pacific Peoples Advancement Trust (PPAT)

#	Issue	Update
1	Ability to secure and adapt suitable premises in time to open in 2015	PPAT have two property options available. The first and preferred option is for a property previously used for educational purposes located in a high Pasifika population area. PPAT are waiting for the contract to be approved and executed before they proceed to secure the building lease or purchase outright (if favourable terms can be agreed). 
2	The historical financial position of the organisation	In progress. s 9(2)(b)(ii) OIA
3	Appointment of experienced education leadership	PPAT have confirmed that they have potential candidates in mind and are waiting for a signed contract before they commence with their recruitment programme.

#	Issue	Update
4	Recruitment of project management expertise to manage the work required to establish a school	PPAT have an established relationship with a construction company who will work alongside PPAT to get the property operational in time to open in 2015. A Project Manager for all other aspects of the project, including recruitment of the educational lead, has been identified.
5	Moving towards self-sufficiency within the first year including school curriculum development, and receiving Consent to Assess status from NZQA	The Trust intends to subcontract to the Open Polytechnic to supply the initial provision of qualifications. PPAT have advised that they intend to be independent within the first year of operation, and will focus on gaining consent to assess against standards (CAAS) with NZQA once the school opens. The trust members have previous direct experience in completing the CAAS process.

11. Initial discussions with PPAT are on track and the Trust has adequately addressed the identified issues set out in the table above. No further challenges have been identified at this point in the process.

Villa Education Trust (VET)

#	Issue	Update
1	Ability to secure and adapt suitable premises in time, compromising the ability of the applicant to open in 2015	VET has indicated their preference to establish in the West Auckland area [REDACTED] VET will likely confirm a premise after the Agreement has been signed, but within the 90 day period.
2	Ability to transfer to parts of Auckland where the applicant has no existing presence and few links with the local community	VET is confident about establishing a Partnership School in West Auckland. They intend to appoint a Community Liaison Manager whose role will be to build relationships between the school and the families as well as develop links into the local community.
3	Building sufficient community support for the VET's school to achieve enrolment targets	VET has indicated that they will undertake a number of initiatives to build community support – they did not provide any further detail on what this would involve.
4	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)	VET is confident that they have the right organisational structure and are able to manage this risk from within its existing structure. Discussions are continuing.

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

#	Issue	Update
5	Assurance that sufficient expertise and resources are in place to ensure that developing the new school will not put the existing school/s at risk	VET's Business Manager will be the Project Manager for the new Partnership School supported by the education lead. They advise that this will not put the existing Partnership School at risk. The Ministry intends to mitigate this by maintaining closer contact during the establishment phase of the school.

12. Initial discussions with VET have now occurred. The Ministry is not completely satisfied, at this stage in the discussions, that VET has adequately addressed all of the identified issues. There continues to be a level of concern across all four areas.

13. One further challenge has been identified following preliminary discussions with VET:

i. Financial implications

VET has a proposed budget which exceeds the available establishment funding. The Ministry has requested VET resubmit a revised budget factoring in the available establishment funding as a basis for further discussion.

Comment

14. There is a general reluctance across the four applicants to execute certain aspects of their proposals (primarily recruitment and property) until they have a signed Agreement.

15. The Ministry has not identified any other critical issues at this time that will prevent the preferred applicants from successfully completing the contract negotiation process. However, progress with each applicant is being monitored closely.

Agreements



18. We indicated in our previous advice [METIS 865557] that the Ministry would 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.
19. He Puna Marama Trust and Villa Education Trust are willing to discuss the use of a head agreement in the future. Both Sponsors have indicated a strong preference for addressing this in the future to ensure the current focus remains on maximising the time available for establishment of their schools to open in February 2015.

Implementation Support

20. As with Round One, the Ministry will provide the sponsors with the following support to establish their schools for opening in 2015 following the successful execution of the Agreements:
 - Contract the Education Review Office (ERO) to undertake a School Readiness Review for each school. This will include a review of the planning, processes, systems and procedures in place for each school to open in 2015.
 - Appointment of a Governance Facilitator to support each sponsor and their management teams through setting up their school to ensure it is functioning fully and effectively by their opening date.
 - Manage the contracts using appropriate contract management plans.
 - Allocate a dedicated Ministry staff member as a relationship manager for each sponsor to act as the conduit to the rest of the Ministry and to provide support and advice on process related issues.

Contract Signing and Announcements

21. It is important for sponsors to be given as much time as possible to set up their schools to be opened in 2015.
22. We will provide you with a contract award report as soon as the contract negotiations are complete; these are expected to be complete by the end of August 2014. This report will notify you of which agreements were successfully negotiated and seek your agreement to sign the contracts and notices for the New Zealand Gazette to promulgate your final decisions.
23. The Ministry's recommendation is for all of the sponsors to be announced at the same time through a Ministerial press release following the execution of the Agreements.
24. We will consult with your office and provide a communications plan for the announcements.
25. The Ministry will also work with your office on the next proactive release, timed for after this announcement and we will provide you with a report.