

## Education Report: Partnership Schools' contract variations 2018

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	2 March 2018	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence s 9(2)(a) OIA	<b>METIS No:</b>	1108222 s 9(2)(a) OIA
<b>Drafter:</b>	[REDACTED] / Simon Laube	<b>DDI:</b>	[REDACTED]
<b>Key contact and number:</b>	Ellen MacGregor-Reid [REDACTED]	<b>Round robin:</b>	No
<b>Messaging seen by Communications team:</b>	No s 9(2)(a) OIA		

### Purpose of report

The purpose of this paper is for you to:

- **Note** that we are about to commence contract variation discussions with partnership schools kura hourua (charter schools) to set operational parameters for the 2018 school year;
- **Indicate** whether you support our current proposed approach of rolling over the current performance measures, which include National Standards or Ngā Whanaketanga Rumaki Māori for schools with years 1-7 students, so the 2017 specifications are applied to 2018.

### Summary

- 1 In December 2017 the Government removed the requirement on State schools to report against National Standards or Ngā Whanaketanga Rumaki Māori and has recently introduced legislation that would remove all references to National Standards in the Education Act 1989.
- 2 For charter schools, the current situation is that schools with students in year levels 1-8 require the sponsors to use National Standards or Ngā Whanaketanga Rumaki Māori for measuring and reporting on student achievement.
- 3 A legacy issue in the Round One and Two contracts is that the performance measures for student achievement require updating in 2018.
- 4 To-date, our advice to charter schools has been that the contracted student achievement measures will remain in place for 2018. This is consistent with the message to the sponsors before Christmas 2017 about it being business-as-usual for contract management.

- 5 Our current proposed approach to contract variation discussions is to roll over the performance measures, so the 2017 specifications are applied to 2018 (so far as this is reasonable and practicable).
- 6 A further option would be to develop an alternative student achievement performance measure to replace National Standards and/or Ngā Whanaketanga Rumaki Māori. However, this option would be a substantial piece of work that would require sponsors to agree. If standards were to be changed, it would therefore be optimal for changes to be implemented from the beginning of a school year (so the earliest that they could be implemented would be from 2019).

### Recommended Actions


The Ministry of Education recommends you:

- a. **note** that we are about to commence contract variation discussions with the charter schools so that operational parameters for the 2018 school year are set (METIS 1093189);
- Noted**
- b. **note** that our current approach to the contract variation discussions will involve seeking to maintain the use of National Standards or Ngā Whanaketanga Rumaki Māori in charter schools as a continuation of business-as-usual contract administration;
- Noted**
- c. **agree** that as the charter school model is being removed from the education system, a review of the standard form charter school contract is not recommended at the present time;
- Agree / Disagree
- d. **agree** that this Education Report is proactively released in the regular release schedule.

Agree / Disagree

  
Ellen MacGregor-Reid  
**Deputy Secretary**  
**Early Learning and Student Achievement**

1/3/18

  
Hon Chris Hipkins  
**Minister of Education**

6/3/18

## Background

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1. Partnership school kura hourua (charter school) contracts contain four outcome areas in which sponsors' performance is measured and reported to the Minister for assessment. Standards have been set in the following areas: student achievement, student engagement, financial performance and the enrolment of priority learners.
2. The Government removed the requirement for State schools to report against National Standards in December 2017 and has recently introduced legislation that would remove references to National Standards or Ngā Whanaketanga Rumaki Māori in the Education Act 1989. Charter school legislation will also be removed by the proposed Bill.
3. The current situation is that contracts for charter schools with students in year levels 1-8 require the sponsors to use National Standards or Ngā Whanaketanga Rumaki Māori to measure student achievement.
4. For the 2017 school year many of the charter schools were required to meet a standard of 85% of students for their year level at or above National Standards or Ngā Whanaketanga Rumaki Māori. Under the charter school model, sponsors may be subject to contract interventions for material non-performance.
5. At a lower level to intervention is the requirement that charter school operational funding is "at risk" based on performance. If sponsors are assessed as not having met the standards then one-percent of their operational funding for the year will be withheld.
6. A legacy issue in the Round One and Two contracts is that performance measures for student achievement require updating in 2018. The contract also provides that until it is updated the 2017 measures will continue to apply. It is good practice for these performance measures to be updated, with variations signed between both parties so they are clear.

## Comment

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7. We are about to commence contract variation discussions with the charter schools to set operational parameters for the 2018 school year (METIS 1093189).
8. We will report-back to you on the outcome of the contract variation discussions, including if sponsors raise concerns or if agreement cannot be reached.
9. For discussions about National Standards and Ngā Whanaketanga Rumaki Māori, our current proposed approach is to roll over the performance measures, so the 2017 specifications are applied to 2018 (so far as this is reasonable and practicable) because they form part of the business-as-usual model. This is consistent with our approach for setting standards in the other performance areas.
10. To-date, our advice to charter schools has been that the contracted student achievement measures will remain in place for 2018. This is consistent with the message to the sponsors before Christmas 2017 and would be a continuation of business-as-usual contract administration.
11. Reviewing the use of the performance measures in the charter school model would be a substantial piece of work and provide little long term benefit at this time, considering the charter school model is being removed. Therefore a review is not recommended.

12. However, a review would enable a further option to be developed, including an alternative student achievement performance measure to replace National Standards and/or Ngā Whanaketanga Rumaki Māori. If this was a priority, it would be optimal for changes to be implemented from the beginning of a school year (so the earliest that they could be implemented would be from 2019).

## Risks

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13. Several charter school sponsors have sought to have student achievement measured using an alternative approach, such as student progress. The previous Government was considering making changes to how student achievement was measured through its contract review programme. The contract review was not completed. Commencing a review now is not a recommended priority.
14. It is possible that sponsors will seek to have National Standards and/or Ngā Whanaketanga Rumaki Māori removed through contract variation discussions. We intend to manage this risk by reminding sponsors that a contract review is not available at this time, as we are currently in discussions about the removal of the charter school model and the future options for their school. We will keep you informed of how contract variation discussions progress with sponsors, including if any seek review.
15. As the mandatory requirement for National Standards was removed in December 2017, the charter school contract requires a minor update in its definition section to ensure it is clear that National Standards will continue to be mandatory for charter schools. There is a small risk that sponsors will not agree to the contract change required. We will monitor the risk and consider other options if they do not agree.

## Next steps

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16. Subject to your feedback, we will initiate contract variation discussions with charter school sponsors. While you have delegated the variation process to us, we will keep you informed.
17. Once you have considered this report, we recommend you consider including it in the next scheduled proactive release.