

## Briefing Note: Partnership Schools Kura Hourua Support Entity

Date:	26 February 2016	Priority:	High
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To:	David Seymour MP, Parliamentary Under-Secretary to the Minister of Education		
Copy to:	Minister of Education, Hon Hekia Parata		
Approved by:	Lisa Rodgers	DDI / Mob	[REDACTED]

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**Purpose**  
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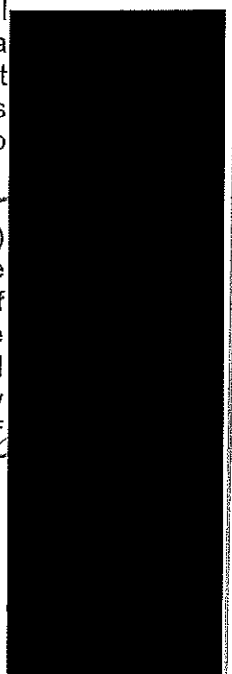
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BY: *me*

1. This paper sets out the options and process to provide for a Partnership Schools Kura Hourua (Partnership Schools) support entity with funding from Budget 2015.

### Rationale for support entity

2. The New Zealand Partnership Schools policy is still early in its development. The first schools are entering their third year of operation and a third selection round is underway.
3. Research from Charter Schools' Growth and Replication, Centre for Research on Educational Outcomes (Stanford University, California 2013), suggests that future school performance is based on how a school starts out. If a school does not start well, it tends to stay a poor performer. To achieve success, Partnership Schools need strong, capable sponsors that have the educational, financial, business and operational expertise to both develop proposals and to set up and maintain a successful school.
4. Other jurisdictions with similar school models to Partnership Schools have independent organisations that support the establishment and ongoing sustainability of new schools. Examples include The New York City Charter School Center and the New Schools Network in London.
5. In response to the need for independent advice and support, Cabinet approved funding of \$500,000, over two financial years (2015/16 and 2016/17). The funding is to provide a means of supporting potential and existing Partnership School sponsors [CAB min (15) 26/4A], either through a dedicated support entity or a contract with another organisation. The funding would be one-off, with any support entity or other organisation expected to be self-sustaining after that. It was intended that specialised support should be in place prior to June 2016 in order to support any sponsors approved through Round Three.
6. Neither the Ministry nor the Partnership School Authorisation Board (the Board) provides support to potential sponsors in the application phase as both provide advice on selection of sponsors, and such support would create a conflict of interest. As the Crown's contract manager, the Ministry of Education can provide information, but not directly support partnership schools needing operational advice and help. There is therefore a need for an independent organisation in New Zealand dedicated to the support the establishment and ongoing operations of Partnership Schools.

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### Options to Provide Support for Partnership Schools

7. The options for providing support to Partnership Schools are through establishing a new organisation dedicated to Partnership Schools, or through an existing education organisation.
8. There are a number of existing education entities that support state, integrated and/or private schools. However, their expertise relates to the policies and practices under those types of schooling provision.
9. The Partnership Schools policy is unique to New Zealand and a support entity would need to establish support services tailored to that policy.

Yes

### Selecting a Support Entity

10. There are three ways to select a suitable support entity:

Selection method	Timing and Probability	Risk
Open Tender	Invite proposals from any interested parties. Provides the most opportunity to identify a capable entity.	Generally takes a longer period to identify and select and is likely to impact on establishment prior to June 2016.
Closed Tender	Invite a small number of existing groups to submit proposals. Provides a degree of opportunity to identify a capable sponsor.	May not be quicker than an open tender, which potentially could impact on establishment prior to June 2016.
Direct Source	Invite one body to submit a proposal. Provides the quickest way to establish a support entity.	May not result in the most capable entity being selected.

11. The Partnership Schools policy is sufficiently different to justify a directly sourced selection process to provide a grant to an entity specifically established to support partnership schools. Any entity would have to meet selection criteria to ensure it could deliver support consistent with the purpose and conditions of the proposed grant. The Ministry of Education has directly sourced support services from the New Zealand School Trustee's Association, Te Rūnanga Nui o Ngā Kura Kaupapa Māori o Aotearoa, and Ngā Kura A Iwi O Aotearoa.
12. We recommend the following selection criteria:
  - (a) The proposal from an entity must include names and experience of Board members that clearly shows the entity is governed and managed by individuals who have the skills to deliver the services being sought.
  - (b) Board members and key staff have no debts to the Crown and are not bankrupts.
  - (c) The proposal is consistent with the purpose of the grant.

- (d) The proposal clearly demonstrates how the purpose of the grant would be achieved, including reporting requirements.
  - (e) The proposal sets out entity's Purpose, Vision, Mission and functions.
  - (f) The proposal sets out an achievable business plan.
13. The Ministry will undertake due diligence on the entity and members, including but not limited to:
- (a) composition of governance/leadership group;
  - (b) financial position; and
  - (c) potential conflicts of interest.

### Services to be provided

14. An effective support entity would ideally be able to provide a range of wrap-around services for prospective and approved sponsors. The Ministry and the Board have identified that these services could include:
- (a) **developing the pipeline of sponsors:** engaging with interested parties to promote the model and develop a diverse pool of potential sponsors
  - (b) **supporting applicants:** working with prospective sponsors to ensure that they put forward strong, realistic applications in any selection rounds
  - (c) **ongoing support:** supporting sponsors in the setting up and ongoing operation of their schools
  - (d) **brokering support:** acting as a broker between potential and actual sponsors, and philanthropic or business organisations that might wish to support Partnership Schools
  - (e) **developing a pipeline of high-quality teachers and leaders** to work in Partnership Schools. This might include providing professional development and matching suitable candidates with Partnership Schools (METIS 900095 refers)
15. While not expected as part of any funding, the entity may also choose to offer advocacy services, providing a voice for Partnership Schools on issues of policy and practice that affect them.

### Provision of Grants

16. We have considered how such an entity could be provided with funding for its establishment. We propose that a grant be provided under s321 of the Education Act 1989 to assist in establishing a support entity to provide support services. Grants under s321 can be provided to a body corporate that provides educational or developmental services or facilities.

### Grant Purpose and Conditions

17. The purpose of the grant would be to support an organisation to establish itself to then be able to provide the services set out in paragraph 14. Those purposes would be set out in an agreement as conditions of the grant.
18. We would also propose the following conditions on the funding:
- (a) The services must be in place within 12 months of the grant agreement being made.

- (b) The grant will be made in two instalments:
  - (i) the first on acceptance of an acceptable proposal and business plan to deliver the services for which the grants are made; and
  - (ii) the second on acceptance of a report on achievement against the business plan, including how the services or entity will be sustained.
- (c) The support entity provides reports on progress as outlined below.

### Financial Reporting

- 19. Section 322 of the Education Act requires the recipient of a grant to keep records that fully show:
  - (a) financial transactions, assets, liabilities, and funds as relate to or are or were affected by the making of the grants; and
  - (b) that the conditions of receipt of the grant have been complied with.
- 20. These records must be available for inspection at any reasonable time by a Ministry employee approved by the Secretary.
- 21. Under section 322 the support entity would be required to provide to the Secretary for Education financial reports for the year, and the year following receipt of grant money. With the second part of the grant due to be provided in the 2016/2017 Financial Year, this would be up to the Financial Year ended 30 June 2018.

### Next Steps

- 22. The next steps include:
  - (a) submitting a formal proposal to the Minister of Education for the use of a grant to fund a Partnership Schools support entity, the purpose of the grant, the conditions of the grant, and a selection process for a suitable entity;
  - (b) identification of a suitable support entity, followed by an invitation to submit a proposal that addresses the purpose and conditions of a proposed grant;
  - (c) conducting due diligence on the entity's members;
  - (d) assessment of the proposal against the selection criteria and how well the grant purpose and conditions would be met;
  - (e) negotiation of a funding grant agreement with the proposed support entity; and
  - (f) submission of the support proposal and funding grant agreement to the Minister of Education for approval.

### Recommendations

- 23. We recommend that you:
  - (a) **agree** the purpose of the grant is to support the establishment of an organisation to provide the services set out in paragraph 12.
  - (b) **agree** the support services must be in place within 12 months of the grant agreement being made.

- (c) **agree** the grant be paid in two instalments:
  - (i) The first instalment to the selected entity will be when the grant agreement is signed.
  - (ii) The second on receipt of an acceptable report to the Secretary of Education on the entity's achievement and all the reporting requirements have been met.
- (d) **agree** reporting by the entity to the Secretary for Education comprises:
  - (i) financial reports for the year, and the year following receipt of grant money (to 30 June FY 2017/2018).
  - (ii) a report on achievement against business plan, including how the services or entity are being and will be sustained.
- (e) **agree** the criteria for selecting a support entity cover those matters set out in paragraphs 21 and 22 above.
- (f) **agree** the next steps will include:
  - (i) submission of formal proposal to the Minister for the use, purpose, conditions of the grant, and selection processes;
  - (ii) identification and assessment of the proposal against the selection criteria;
  - (iii) negotiation of a funding grant agreement; and
  - (iv) submission of the support proposal and funding agreement to the Minister of Education for approval.

