

Selection of Partnership Schools | Kura Hourua to open in 2017

Proposal

1. This paper informs Cabinet of my intention to select the Partnership Schools | Kura Hourua (Partnership Schools) from round three of applications to enter into contract discussions, and I seek Cabinet approval to drawdown the contingency set aside in Budget 2015 [CAB Min (15) 26/4A refers].
2. This paper has been developed in conjunction with the Parliamentary Under-Secretary to the Minister of Education, David Seymour, MP.

Executive summary

3. Our Government has a clear vision for an education system that is achievement-oriented for all children and young people to ensure their successful participation in the current and future economy. That means a system that creates appropriate pathways and options for all students, including those for whom the education system has consistently underperformed.
4. The first five Partnership Schools opened in February 2014 and a further four in 2015. Out of those new schools, eight are tracking well towards delivering on the contract outcomes. One has faced a number of challenges and, despite receiving significant support from the Ministry, was not capable of overcoming its challenges. As a result, I decided to terminate the contract, effective 7 March 2016.
5. In 2015, Cabinet agreed to commence a round three of Partnership Schools, with new schools to open in 2017 [CAB Min (15) 26/4A refers]. For round three, an application process has been completed in accordance with the requirements of whole of government procurement policies. Specific direction was given about the types of schools and other factors that would be given preference in determining the successful applications. Any further round beyond this is subject to Cabinet approval.
6. The Partnership Schools | Kura Hourua Authorisation Board (the Board) supported by the Ministry of Education (the Ministry) evaluated 26 applications. The Board is an advisory group appointed in 2013 by the Minister of Education to provide advice on new Partnership School applications.
7. Subject to Cabinet approval, the Ministry will undertake contract discussions with the approved bodies, and take operational steps to implement the decisions. The Authorisation Board and the Ministry agree that the following three recommended applications show the strongest promise, taking account of the value they can add to the system for those whom the system has consistently failed, the depth and coherence of their approach to education, and their capability and capacity to open a school by term one, 2017.

8. They are:
 - a. **The Kia Ata Mai Educational Trust** who propose to open a secondary school (Years 7-13) located in Hamilton with an opening roll of 90, targeting Māori students
 - b. **Te Aratika Trust** who propose to open a secondary school (Years 11-13) located in Napier with an opening roll of 67, targeting Māori students from lower socio-economic backgrounds
 - c. **Te Whānau o Waipareira** who propose to open a secondary school (Years 9-13) in West Auckland with an opening roll of 100, targeting Māori students and students from low socio-economic backgrounds.
9. As part of Budget 2015, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (15) 12/2(8) refers]. This funding is sufficient for the approved three schools to open in 2017 (with the associated student roll levels). I also intend utilising the provision for annual cost increases and roll growth appropriated in Budget 2014 [CAB Min (14) 23/14(16) refers] to meet a small part of the funding requirements in outyears.
10. I seek Cabinet approval to draw down the full amount of the contingency.

Background

11. Our Government has a clear vision for an education system that is achievement-oriented for all children and young people to ensure their successful participation in the current and future economy. That means a system that creates appropriate pathways and options for all students, including those for whom the education system has consistently underperformed.
12. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract includes an outcomes-based performance management system that sets indicators and targets for a few, vital outcomes for which sponsors are held to account. The term of the contract for Partnership Schools is six years, plus two further rights of renewal of six years each.
13. The legal framework for Partnership Schools is Part 12A of the Education Act 1989. Section 158B gives the Minister of Education the discretion to approve a body to become a sponsor of a Partnership School. The sponsor has the legal responsibility for the operation of the Partnership School.
14. The first five Partnership Schools opened in February 2014 and a further four opened in 2015. Out of those new schools, eight are tracking well towards delivering on the contract outcomes. One school faced a number of challenges, as schools often do when they first open. Despite receiving significant support from the Ministry, it was not capable of overcoming its challenges. As a result, on 26 January 2016, I decided to terminate the contract effective 7 March 2016.
15. In 2015, Cabinet agreed that there would be a round three of Partnership Schools, with new schools to be opened in 2017 [CAB Min (15) 26/4A refers].
16. For round three, specific direction about the types of schools and other factors that would be given preference in determining successful applications was given. The seven preference factors included schools that:

1. make effective use of the flexibilities offered by the model

2. offer effective, innovative options for 0-8 year olds
3. are large enough to be comfortably (economically) viable
4. are located in an area or areas where there are students who are not being well served by the education system
5. bring together education, business and/or community sector partnership(s)
6. have a focus on science, technology, engineering and mathematics
7. are not from existing private schools seeking to convert to a Partnership School.

Selection process for round three

17. An application process was run in accordance with the requirements of whole of government procurement policies. A total of 26 compliant applications were received from a diverse group of potential sponsors, including community groups, education professionals, independent schools and Private Training Establishments.
18. The Board, supported by the Ministry, conducted an extensive evaluation process, including due diligence checks. Five applicants were shortlisted, and interviews were conducted. Following the interviews, the Board also sought clarifications on some applicants as further due diligence.
19. In particular, the Board was keen to identify applications that met the preference factors; demonstrated that they could offer a robust and innovative educational offering; had a clear understanding of the needs of priority learner groups and had the ability to attract those students to their school.

Proposals to select for contract discussions

20. On the basis of the advice received, my intention is to approve three applications to proceed to contract discussions:
 - a. The Kia Ata Mai Educational Trust
 - b. Te Aratika Trust
 - c. Te Whānau o Waipareira.
21. In each of these proposals, the applicants have demonstrated a coherent approach to addressing the educational needs of the Government's priority groups. The applicants have all provided assurance that they would operate a realistic and viable school, and have the capability and capacity to deliver by term one, 2017.
22. The Ministry will undertake contract discussions with the preferred applicants. These are expected to be concluded by late May 2016. The Ministry has in place a dedicated team to assist all Partnership Schools. I will sign contracts only if I am confident there are no significant issues to resolve.
23. I intend to exercise my statutory discretion to appoint sponsors only after contract discussions have been concluded successfully with each respective applicant.

Accountability for Partnership School sponsors

24. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract has:
 - a. An outcomes-based performance management system that sets indicators and targets for a few vital outcomes, for which sponsors are held to account
 - b. A range of potential interventions that can be applied if performance falls below the target.
25. While appropriate interventions will be applied to support success, the ultimate intervention is termination of the contract. The contract can be ended in a number of circumstances, including poor performance. If a contract is terminated, the Crown would cease to fund the sponsor and would consider recovering any monies paid up to that point.
26. The term of the contract for Partnership Schools is six years, plus two further rights of renewal at my sole discretion of six years each. This allows security for sponsors and students that the school will be in operation for sufficient time to allow a cohort of students to move through the school.
27. Partnership Schools are regularly reviewed by the Education Review Office (ERO). Before schools open, ERO will carry out a readiness review of policies, curriculum and assessment processes.

Background on each proposed school

28. Details of each of the applications I propose to progress to contract negotiations are set out in appendix 1.

Risks

29. The short timeframe for opening in term 1, 2017, means unforeseen circumstances (e.g. availability of property and/or trades people; staff and/or student recruitment) could compromise the schools' ability to open. However, any Partnership Schools approved in round three will have almost twice the time to establish as those approved in the first two rounds. This remains less than half the time usually available to establishing State Schools. In addition, risks will be better mitigated during the contract negotiation, by allowing for the setting of project milestones on behalf of the Minister that sponsors are then required to meet as a condition to being allowed to open.

Consultation

30. The Treasury has been consulted. The Department of the Prime Minister and Cabinet and the Education Review Office have been informed.

Financial implications

31. As part of Budget 2015, an operating contingency was set aside for the establishment of Partnership Schools [CAB Min (15) 12/2(8) refers].

Partnership Schools Further Funding	\$m - increase/(decrease)				4 year total
	2015/16	2016/17	2017/18	2018/19& Outyears	
Balance [CAB Min (15) 26/4A]					

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

32. I propose to establish three new Partnership Schools

33.

Human rights gender, disability and legislative implications

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

34. There are no human rights, gender or disability implications. No further legislation is required, therefore there is no need for a Regulatory Impact Statement.

Publicity

35. Publicity will be managed carefully considering the need to manage community expectations and maintain the integrity of the procurement process.
36. I intend to proactively release the information about the Partnership Schools application and selection process at the appropriate time, including this Cabinet paper subject to any redactions that may be required.

Recommendations

37. I recommend that Cabinet:
1. **note** that Section 158B of the Education Act 1989 empowers me to approve a body to be a sponsor of a Partnership School [Kura Hourua (Partnership School)];
 2. **note** that I have worked closely with the Parliamentary Under-Secretary, David Seymour MP, in developing this proposal;
 3. **note** that it was agreed that there would be a round three for Partnership Schools, with new schools to be opened in 2017 [CAB min (15) 26/4A refers];
 4. **note** that an application process has been completed in accordance with the requirements of whole of government procurement policies, with 26

applications being received and evaluated by the Partnership Schools Authorisation Board, an advisory board to the Minister of Education;

5. **note** that five applicants were shortlisted and of the applications recommended my intention is to approve three applications to proceed into contract discussions:

- a. **The Kia Ata Mai Educational Trust** who propose to open a Secondary School (Years 7-13) located in Hamilton with an opening roll of 90, targeting Māori students;
- b. **Te Aratika Trust** who propose to open a senior secondary school (Years 11-13) located in Napier with an opening roll of 67, targeting Māori students from low socio-economic backgrounds;
- c. **Te Whanau o Waipareira** who propose to operate a secondary school (Years 9-13) in Henderson, with an opening roll of 100, targeting Māori students and students from low socio-economic backgrounds;

6. **note** that the Ministry of Education will negotiate a contract that includes an outcomes-based performance management system setting indicators and targets for a few, vital outcomes for which sponsors can be held to account;

7. **note** that the term of the contract for Partnership Schools is six years, plus two further rights of renewal at my sole discretion of six years each;

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

8. [REDACTED]

Partnership Schools Further Funding	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19& Outyears	4 year total
s 9(2)(f)(iv) OIA					
Appropriate Partnership Schools support entity	(0.250)	(0.250)	-	-	(0.500)
Balance [CAB Min (15) 26/4A]					

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

9. [REDACTED]

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

10.

\$ million – increase/(decrease)									
Partnership Schools Kura Hourua contingency	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24& outyears
s 9(2)(f)(iv) OIA									

11. **approve** the following changes to appropriations, to establish round three of Partnership Schools | Kura Hourua, with a corresponding impact on the operating balance:

	\$ million – increase/(decrease)				
Vote Education Minister of Education	2015/16	2016/17	2017/18	2018/19	2019/20
Non-Departmental Other Expenses:	s 9(2)(f)(iv) OIA				
Primary Education					
Secondary Education					
Total Operating					

	\$ million – increase/(decrease)				
Vote Education Minister of Education	2020/21	2021/22	2022/23	2023/24& outyears	
Non-Departmental Other Expenses:	s 9(2)(f)(iv) OIA				
Primary Education					
Secondary Education					
Total Operating					

12. **agree** that the changes to appropriations for 2015/16 above be included in the 2015/16 Supplementary Estimates and that, in the interim, these increases be met from Imprest Supply;
13. **agree** that the changes to appropriations above be a charge against the 'Partnership Schools | Kura Hourua further funding' tagged operating contingency established as part of Budget 2015, as follows;

Partnership Schools Kura Hourua contingency	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24& outyears
s 9(2)(f)(iv) OIA									
	-	-	-	-	-	-	-	-	-

14.



15. **note** that I intend to proactively release information about the Partnership Schools application and selection process at the appropriate time, including this Cabinet paper, subject to any redactions that may be required.

Hon Hekia Parata
Minister of Education

Details of preferred applicants

Kia Ata Mai Educational Trust

38. The Kia Ata Mai Educational Trust proposes to open a year 7-13 secondary school¹ located in Hamilton with an opening roll of 90 and a maximum roll of 300, targeting Māori students. Further details are:
- a. The Kia Ata Mai Educational Trust was formed in 1994 by practising teachers to positively contribute to high quality literacy programmes for kura kaupapa and Māori-medium schools.
 - b. The vision for their school is "To develop a generation of Māori students with the self-belief that as Māori, they are capable of designing innovative, sustainable futures for themselves, their communities and the world".

Te Aratika Trust

39. Te Aratika Trust proposes to open a senior secondary school (Years 11-13) located in Napier with an opening roll of 67, targeting Māori students from low socio economic backgrounds. Further details are:
- a. Te Aratika Trust is a newly formed charitable trust created by Te Aratika Drilling Limited, an underground service and construction firm with interests across the North Island. Te Aratika Drilling Limited has been providing cadetships since 1998 and supports the development of rangitahi across a range of disciplines into sustained employment.
 - b. The vision for their school is "*Amateur today, professional tomorrow. Investing in our taonga (treasures), our future, our legacy*".

Te Whānau o Waipareira

40. Te Whānau o Waipareira proposes to open a secondary school (Years 9-13) located in Henderson with an opening roll of 100, targeting Māori students and students from low socio economic backgrounds. Further details are:
- a. Te Whānau o Waipareira is an Urban Maori Authority located in west Auckland, established in 1986, providing a wide range of social services including early childhood and alternate education.
 - b. The vision for their school is "*Kōkiritia i roto i te kotahitanga (Progressively act in unity), creating future spaces where whānau hopes and opportunities can flourish*".

¹ Years 1-6 typically have students aged 5-11. Years 7 and 8 typically have students aged 12-13. Years 9 and 10 typically have students aged 14-15 and Years 11-13 typically have students aged 16-18.

