


The Chair

Cabinet

Partnership Schools | Kura Hourua: Selection and Ongoing Provision

Proposal

1. This paper is to inform Cabinet of my intention to select the Partnership Schools | Kura Hourua (Partnership Kura) to enter into contract discussions.
2. This paper also asks Cabinet to approve:
 - a.  s 9(2)(f)(iv) OIA
 - b. the draw-down of the contingency set up in Budget 2013 to fund Partnership Kura.

Executive summary

3. In fulfilment of the Confidence and Supply Agreement with ACT New Zealand, Cabinet agreed to open a small number of 'charter' schools (Partnership Kura) in areas of significant educational challenge and underachievement by the end of this parliamentary term [CAB Min (12) 2/1 refers].
4. The Education Act 1989 (the Act) has been amended to empower the Minister of Education to approve a body to be a sponsor of a Partnership Kura.
5. An application process has been run in accordance with the requirements of whole of government procurement policies. Applications have been evaluated by the Authorisation Board (the Board), an advisory group to the Minister of Education, and recommendations made. The Ministry of Education has provided further advice.
6. The Board has proposed that six applicants proceed to contract discussions. The Secretary for Education will conduct contract discussions, and take operational steps to implement the decisions. Of the six recommended applications, five show the strongest promise, taking account of the value they can add to the education of our target cohort of priority learners; the depth and coherence of their approach to education; and their capability and capacity to open a school on day one, term one 2014.
7. They are:
 - a. **Advance Training Centres Limited (ATC)** which proposes setting up a senior secondary school for years 11-13 in Albany using the ethos and

training methodology of the military to move students on to a broad range of further training or employment options

- b. **He Puna Marama Charitable Trust** which proposes to establish a secondary school for years 7-13 in Whangarei, drawing from the Māori Battalion to inspire Māori students to achieve
 - c. **Ngatiwai Whangaruru Whenua Toopu Trust** which proposes to establish a secondary school for years 9-13 in Whangaruru, Northland
 - d. **Rise UP Trust** which proposes to establish a Christian-based school for years 1-8 based in South Auckland around Pasifika methods of teaching and learning
 - e. **Villa Education Trust** which proposes to establish a middle school for years 7-10 in a number of houses or villas in South Auckland, based on Christian philosophy and values.
8. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract will:
 - a. include an outcomes-based performance management system that will set indicators and targets for a few, vital outcomes for which meaningful measures can be set
 - b. specify a range of potential interventions that will be applied if performance falls below the target.
9. While appropriate interventions will be applied to support success, the ultimate intervention would be termination of the contract.
10. The proposed term of the contract for Partnership Kura should be six years, plus six years, plus six years. This will allow security for sponsors and the school will be in operation for sufficient time to allow a cohort of students to move through the school.

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11.
12. In Budget 2013, an operating contingency of \$18.95 million over four years was set aside for the establishment of Partnership Kura [CAB Min (13) 12/6 (7) refers]. This paper seeks approval to draw-down this contingency. This funding is a sufficient envelope for about four schools opening in 2014. Additional funding will be required if I approve five schools. The timeframe for negotiating the contracts and setting up the schools to open at the beginning of 2014 is short.

Background

13. In fulfilment of the Confidence and Supply Agreement with ACT New Zealand, Cabinet agreed to open a small number of 'charter' schools in areas of significant educational challenge and underachievement by the end of this parliamentary term [CAB Min (12) 2/1 refers].

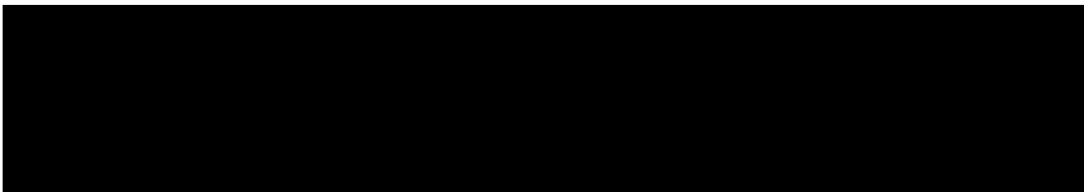
14. Partnership Kura will particularly focus on the Government's priority groups of:
 - a. Māori children
 - b. Pasifika children
 - c. learners from low socio-economic backgrounds
 - d. learners with special education needs.
15. Partnership Kura are a new type of school, which bring together the education, business and community sectors to provide new opportunities for students to achieve educational success. Partnership Kura will be given more flexibility to make decisions about how they operate and use funding, in return for the achievement of specific school-level targets, with explicit sanctions for underperformance, and the ultimate sanction of closure.
16. The legal framework for Partnership Kura is Part 12A of the Education Act 1989 (as inserted on 13 June 2013 by the Education Amendment Act 2013). Section 158B gives the Minister of Education the discretion to approve a body to become a sponsor of a Partnership Kura. The sponsor has the legal responsibility for the operation of the Partnership Kura. The main mechanism for regulating the sponsor will be the contract (pursuant to section 158D).

Preliminary selection process

17. In February 2013 I appointed an advisory group, known as the Authorisation Board (the Board), to provide me with advice on applications. [CAB Min (13) 4/2 refers].
18. An application process was run in accordance with the requirements of whole of government procurement policies. A total of 35 compliant applications were received from a diverse group of potential sponsors, including community groups, education professionals, rūnanga, independent schools and Private Training Establishments.
19. The Board conducted an extensive evaluation process, including due diligence checks. Thirteen applicants were shortlisted, and interviews were conducted. Following the interviews, the Board also sought clarifications as further due diligence. The Board conducted the reference checks.
20. In particular, the Board was keen to identify applications that demonstrated that they could offer a robust and innovative educational offering; had a clear understanding of the needs of priority learners and had the ability to attract those students to their school.
21. There were two applicants (C-ME Mentoring Trust Foundation and Pacific People's Advancement Trust) with proposals focussed on senior secondary education for Pasifika students in South Auckland. After interviews the applicants decided that, given that their proposals had much in common, a joint proposal would be stronger and more workable. They subsequently withdrew.
22. The Board proposed six applications. These (in alphabetical order) were from:
 - a. Advanced Training Centres Ltd
 - b. He Puna Marama Charitable Trust

- c. Ngā Kākano o te Kaihanga Kura
- d. Ngatiwai Whangaruru Whenua Toopu Trust
- e. Rise UP Trust
- f. Villa Education Trust

Proposals to select for contract discussions

- 23. Of the six applications recommended by the Board, I intend to approve five to proceed to contract discussions. I intend to exercise my statutory discretion to appoint sponsors only after contract discussions have been concluded successfully with each respective applicant.
- 24. I have identified five of the recommendations from the Board, that I assess are the strongest proposals overall. In each of these proposals the applicants have demonstrated a coherent approach to educational matters in ways that clearly address the needs of priority learners. These five applicants all provided assurance that they would operate a realistic and viable business, and the capability and capacity to deliver by 2014.
- 25. Together, the proposals cover the whole school-age range from primary education to senior secondary. They are concentrated in Auckland and Northland because strong proposals were not received from other areas of the country. I was concerned that few applications for Partnership Kura catering to children of primary school age were received.
- 26. 

Contract discussions

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- 27. The Ministry of Education will undertake contract discussions with the approved bodies. They are expected to be concluded by late August 2013. As the time for contract discussions and set up is short, the Ministry of Education will have a dedicated team to assist the schools to establishment. Contract discussions also provide a further opportunity to resolve minor issues that may remain. I will not sign contracts where I am persuaded significant issues have not been resolved.

Contracts with approved sponsors

- 28. The contract is the main mechanism for regulating the relationship between the Crown and the sponsor. The contract will include a performance management system that will set indicators and targets for a few, vital outcomes for which sponsors can be held to account. It is not my intention to create unnecessary bureaucracy, but it is of paramount importance that each group achieves the specific school-level targets, with explicit sanctions for underperformance, and the ultimate sanction of termination. That is the expectation of these schools, in exchange for greater flexibility in operation

29. The performance management system focuses on the following high-level outcome areas:
- a. **excellent student achievement.** Partnership Kura are explicitly aimed at helping to achieve the Government's student achievement goals by improving outcomes for its identified priority groups. Performance indicators and targets relating to student achievement should therefore be based on the Government's goals
 - b. **strong student engagement in learning.** Presence and a safe physical and emotional environment are two important areas of student engagement. A child or young person who is not attending school or who feels unsafe at school will not achieve
 - c. **a financially healthy school.** Financial management outcomes measure the overall financial health of the Partnership Kura and the ongoing viability of the school. A school that is in poor financial health will not be likely to maintain an unrelenting focus on the teaching and learning of its students.
30. The targets set against these areas will be:
- a. for secondary education, the system-level targets of 85% of each school's leavers achieving a minimum of NCEA level 2 or equivalent in 2017
 - b. for primary education, the system-level target of 85% of students achieving at or above National Standards in 2017
 - c. growth or value-added targets set against NCEA and National Standards targets that will allow the schools to demonstrate the progress that all their students are making
 - d. targets for student engagement (using indicators such as unjustified absences; stand-downs, suspensions, and expulsions; and school culture)
 - e. targets for good financial performance, using best practice accounting standards for operating surplus; working capital ratio; debt/equity ratio; and operating cash.
31. The sponsor will also have to develop with its school's community a policy to demonstrate how it will engage with parents, family, whānau and iwi.
32. Partnership Kura will be regularly reviewed by the Education Review Office (ERO). Before the schools open, ERO will carry out a readiness review of policies, curriculum and assessment processes.
33. The contract will specify a range of potential interventions that may be applied to address performance issues.

Term of the contracts

34. The usual process for government contracts of this nature is to provide for a contract term which is then able to be renewed several times. This allows a process where both parties can end the contract at specific points but gives security to sponsors who will be devoting time, energy and resources to the project.

35. I propose that Cabinet agree that the term of the contract for Partnership Kura is six years, plus six years, plus six years. This would allow for a mid-term review of the contract at three years. There will be an Education Review Office report in each half of the contract period which would feed into the review along with other reported information.
36. Some contract items will be reviewed annually (such as the funding, performance management system targets, and the maximum roll). The mid-term review will provide an opportunity for a more formal examination by both parties of aspects of the contract. Partnership Kura will not have to provide an annual charter as state schools do and will be free to employ a wider range of staff with their contract funding.
37. The contract can be ended by the Minister of Education at any time in a number of circumstances, including poor performance.

Background on each of the five schools

38. Each of the proposals that I propose to progress is unique and it is difficult to compare them. Details of each of the five schools are set out below:

Advance Training Centres Limited

39. Advance Training Centres Limited (ATC) proposes to open a senior secondary school (Years 11-13)¹ located in Albany with an opening roll of 108, targeting Māori, Pasifika and lower-socio-economic students. Further details are:
 - a. ATC currently offers a tertiary programme for the delivery of pre-military training for young people who are disengaged from the schooling system
 - b. the proposal is to transfer the ethos and training methodology of the military to a school environment and enable students to access a broad range of further training or employment options including engineering, physical training, financial literacy, and defence studies
 - c. the ATC proposal demonstrates strong governance and management, and a good sense of curriculum requirements and day-to-day operation of the school
 - d. a risk is that the location of the school in Albany means that it will not attract priority learners. The existing PTE has 45% of enrolments from South and West Auckland and the school proposes to run two buses daily to/from those regions as mitigation.

He Puna Marama Charitable Trust

40. He Puna Marama Trust proposes to open a composite school (Years 7-13) located in Whangarei with an opening roll of 70, targeting Māori students. Further details are:

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. Years 11-13 typically have students aged 16-18.

- a. the school aims to address the underachievement of Māori students by reconnecting them with an ethos of leadership and pride, as demonstrated by their tupuna (forebears) who served in the 28th Māori Battalion
- b. the school will be open between the hours of 8am – 8pm to enable flexible timetabling for students
- c. He Puna Marama has a good knowledge of the educational environment. It currently provides a hostel for Māori boys, and has a good track record in early childhood education. There is strong support for the Partnership Kura in the local community
- d. the education plan demonstrated an approach to teaching and learning that would facilitate improved outcomes for its students and the business and operations plans are of a high quality.

Ngatiwai Whangaruru Whenua Toopu Trust

- 41. Ngatiwai Whangaruru Whenua Toopu Trust proposes to establish a secondary school (Years 9-13) with an initial roll of 70, in Whangaruru, Northland, targeting Māori students. Further details are:
 - a. the Trust has an appropriate focus on a distinctly Māori kaupapa that has potential to be effective in improving outcomes for priority learners
 - b. the applicant clearly knows the community well and has excellent links to existing organisations working within the local area
 - c. there are some risks around developing a sound curriculum and financial skills and there could be difficulties in securing suitable premises in time.

Rise UP Trust

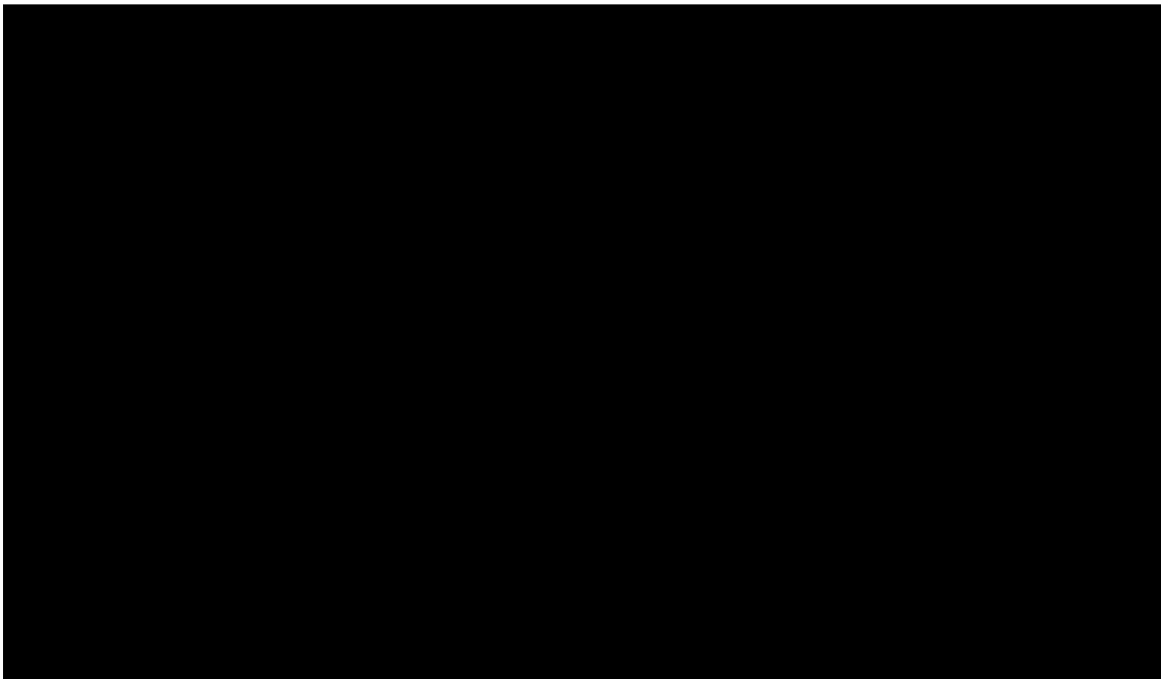
- 42. Rise UP Trust proposes to open a primary school (Years 1-8) located in Mangere with an opening roll of 50, targeting Pasifika and Māori students. Further details are:
 - a. the Trust is a Pacific community provider that currently delivers after-school mentoring services to disadvantaged young people
 - b. it is proposing to extend this to create a Christian-based school based around Pasifika methods of teaching and learning. It intends to offer specialisation in sports, art and languages
 - c. it intends to provide wrap-around services for the student population and pro-active engagement with their families/whānau on their children's education
 - d. governance and management systems will need strengthening. There are also some challenges that suitable premises will not be secured in time for a 2014 opening.

Villa Education Trust

43. Villa Education Trust proposes to open a middle school (Years 7-10) in two sites with an opening roll of 120, targeting Māori, Pasifika and lower socio-economic students. Further details are as follows:
- a. the applicant already operates a middle private school in Newmarket, Auckland. The applicant's education model teaches students in a small school environment, based in a house or villa
 - b. the applicant's initial proposal was to replicate this model as a Partnership Kura with a roll of 420 students in three different sites - West Auckland, Whanganui and South Auckland. Following discussion with the Board, the applicant agreed to drop the West Auckland campus
 - c. the school would be based on Christian philosophy and values, although direct religious instruction is not part of its curriculum
 - d. the business and operational plans, and curriculum approach are strong. The multi-hub model is reasonably innovative
 - e. the sponsor has no direct relationship with the communities of South Auckland and little experience with the priority groups. This creates a risk that the school may not attract or retain sufficient students from the priority groups.

Risks

44. The short timeframe for opening in Term 1 February 2014 means unforeseen circumstances (e.g. availability of property and/or trades people; staff and/or student recruitment) could compromise the schools' ability to open. Because they are clustered in Auckland and Northland, the Ministry of Education has the opportunity to concentrate its support for the establishment of the schools in those areas.



49.

Consultation

50. The Treasury has been consulted. The Department of the Prime Minister and Cabinet and the Education Review Office have been informed. Te Puni Kōkiri and the Ministry of Pacific Island Affairs have been consulted about the applicants recommended by the Authorisation Board.

Treasury Comment

51. The Treasury is supportive of the model developed for Partnership Kura, in particular the funding model and the performance management framework.

Financial implications

52. In February 2013, Cabinet approved a resourcing formula for Partnership Schools [CAB Min (13) 5/9 refers]. As part of Budget 2013, an operating contingency was set aside for the establishment of Partnership Kura [CAB Min (13) 12/6 (7) refers] as follows:

Vote Education	2013/14	2014/15	2015/16	2016/17	2017/18 & Out years
Partnership Schools / Kura Hourua	5.846	4.368	4.368	4.368	4.368

53. A contingency of \$18.95 million over four years was set aside in Budget 2013 to provide funding for Partnership Kura. This funding is a sufficient envelope for about four schools opening in 2014 with particular student roll levels. During contract discussions we will gain certainty about the total funding required. Additional funding will be required if I approve five schools.

Human rights gender, disability and legislative implications

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

Publicity

55. Publicity will be managed carefully considering the need to manage community expectations and maintain the integrity of the procurement process.
56. I intend to proactively release the information about the Partnership Schools | Kura Hourua application and selection process at the appropriate time.

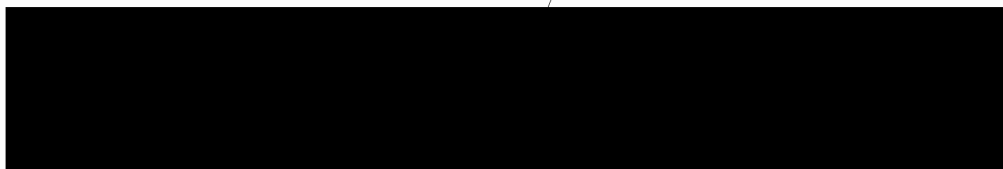
Recommendations

57. The Minister of Education recommends that Cabinet:
1. **note** that Education Act 1989 empowers me, as Minister of Education, to approve a body to be a sponsor of a Partnership Schools | Kura Hourua (Partnership Kura);
 2. **note** that an application process was run in accordance with the requirements of whole of government procurement policies which resulted in 35 applications to set up Partnership Kura being received;
 3. **note** that applications were evaluated by the Authorisation Board, an advisory board to the Minister of Education, and 13 applicants were subsequently shortlisted;
 4. **note** that two applicants (C-ME Mentoring Trust Foundation and Pacific People's Advancement Trust) withdrew;
 5. **note** that I have received a report from the Authorisation Board that recommended six applications;
 6. **note** my intention to progress the following five applications to contract discussions:
 - a. Advance Training Centres Ltd a senior secondary school (Years 11-13) located in Albany targeting Māori, Pasifika and lower-socio-economic students;
 - b. He Puna Marama Charitable Trust a composite school (Years 7-13) located in Whangarei, targeting Māori students;
 - c. Ngatiwai Whangaruru Whenua Toopu Trust a secondary school (Years 9-13) located in Whangaruru, Northland, targeting Māori students;

- d. Rise UP Trust a primary school (Years 1-8) located in Mangere, targeting Pasifika and Māori students;
- e. Villa Education Trust a middle school (Years 7-10) located in South Auckland targeting Māori, Pasifika and children from low socio-economic backgrounds.

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7.



8. **note** that a dedicated team led by the Ministry of Education will undertake contract discussions on my behalf;

9. **note** that the contract will include an outcomes-based performance management system that will set indicators and targets for a few, vital outcomes for which meaningful measures can be set;

10. **note** that these targets will be:

- a. for secondary education, the system-level targets of 85% of each school's leavers achieving a minimum of NCEA level 2 or equivalent in 2017;
- b. for primary education, the system-level target of 85% of students achieving at or above National Standards in 2017;
- c. growth or value-added targets set against NCEA and National Standards targets that will allow the schools to demonstrate the progress that all their students are making;
- d. targets for student engagement;
- e. targets for good financial performance.

11. **note** that the term of the contract for Partnership Kura needs to be set for a reasonable period to allow security for sponsors and to allow the school to be in operation for sufficient time for a cohort of students to move through the school;

12. **agree** that the term of the contract for Partnership Kura should be six years, plus six years, plus six years;

13.



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14. **note** that additional funding will be required if I approve five schools but that more certainty about the amounts needed will be determined during contract discussions;
15. **note** that as part of Budget 2013, an operating contingency was set aside for the establishment of Partnership Kura [CAB Min (13) 12/6(7) refers] as follows:

Vote Education	2013/14	2014/15	2015/16	2016/17	2017/18 & Out years
Partnership Schools / Kura Hourua	5.846	4.368	4.368	4.368	4.368

16. **approve** the following changes to appropriations to establish Partnership Kura, with a corresponding impact on the operating balance:

	\$ million – increase/(decrease)				
Vote Education Minister of Education	2013/14	2014/15	2015/16	2016/17	2017/18 & Out years
Non-Departmental Other Expenses:					
Primary Education	0.878	0.775	0.775	0.775	0.775
Secondary Education	4.968	3.593	3.593	3.593	3.593
Total Operating	5.846	4.368	4.368	4.368	4.368
Total Capital	-	-	-	-	-

17. **agree** that the proposed changes to appropriations for 2013/14 above be included in the 2013/14 Supplementary Estimates and that, in the interim, these increases be met from Imprest Supply;
18. **agree** that the proposed changes to expenses incurred under recommendation 16 be a charge against the 'Partnership Schools| Kura Hourua' tagged operating contingency established as part of Budget 2013;
19. **note** that I intend to proactively release information about the Partnership Kura application and selection process at the appropriate time.



Hon Hekia Parata
Minister of Education

12 July 2013