

Regulatory Impact Statement

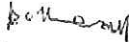
Options for strengthening Partnership Schools | Kura Hourua

Agency Disclosure Statement

This Regulatory Impact Statement has been prepared by the Ministry of Education. It provides an analysis of ways to strengthen prospective sponsors for Partnership Schools | Kura Hourua (Partnership Schools).

This Regulatory Impact Statement documents the process undertaken by the Ministry to meet the Government's objectives, including: the options considered, the rationale for selecting each preferred option, and the implications for the proposed way forward. This includes an analysis of the regulatory impacts of the preferred option.

The Ministry considers this document to be a fair representation of the analysis of available options to strengthen prospective sponsors of Partnership Schools.



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Introduction

1. This Regulatory Impact Statement considers options to further develop and strengthen prospective sponsors for Partnership Schools. The Ministry of Education has identified three priorities in this area:
 - attracting strong, capable sponsors with a vision and understanding of what will work to raise student achievement
 - raising the quality of applications
 - supporting potential and successful sponsors to develop and maintain excellent schools.
2. Each of these priorities relates to the capability of sponsors, the organisations who own and govern Partnership Schools. Sponsors can be from a range of backgrounds. They apply to establish a Partnership School through a contestable procurement process and, if successful, negotiate a contract with the Crown.
3. One way to address these priorities is through the provision of support to potential and existing sponsors to assist them in the establishment and ongoing operation of a Partnership School. Another way of achieving the priorities is to expand the pool of potential sponsors by enabling TEIs to sponsor Partnership Schools.
4. Making either change is considered against the status quo by evaluating each option against objectives that support the Government's goals for student achievement, provide increased choice for parents while also minimising risk to both learners and the Crown.

Background

5. Partnership Schools are a new type of school in the New Zealand education system, focussed on delivering better education outcomes for Māori, Pasifika, students with special education needs and students from low socio-economic backgrounds.
6. Partnership Schools have higher standards of accountability than state schools in return for certain operational freedoms. This includes a largely cashed-up funding model and the ability for sponsors to determine their own governance and management structures; use non-registered teachers; use curricula that differ from those compulsory in state schools; and vary hours of instruction and the school year.
7. Partnership Schools have a focus on innovative education to lift achievement for priority learners. To do this, they need strong, capable sponsors with a vision and understanding of what will work to raise student achievement.

Problem Definition

8. There are currently nine Partnership Schools operating in New Zealand. Almost all of the sponsors of these schools are charitable trusts set up by small organisations. So far, the diverse range of sponsors that was envisaged for the model has not eventuated. The lack of diversity in the types of organisations sponsoring Partnership Schools may be unnecessarily limiting the potential of the Partnership Schools model to lift the achievement of priority learners.

Policy Objective and Options

9. The primary policy objective is to *strengthen the current model of Partnership Schools in New Zealand by increasing the pool of capable sponsors*.
10. The Ministry of Education considered three options for achieving this policy objective:
- A. Status Quo
 - B. Enable Tertiary Education Institutions (TEIs) to sponsor Partnership Schools
 - C. Provide support to potential and existing sponsors of Partnership Schools.
11. Each of these options could increase the pool of capable sponsors for Partnership Schools. In order to determine the best option, the Ministry of Education used the following criteria, based on the Government's general goals for Partnership Schools in order to assess each option:
- A. *Supports Government goals for student achievement*; the Government has set a range of goals to lift student achievement at all levels. In the case of Partnership Schools, particular emphasis is placed on improving the educational outcomes of Māori, Pasifika, learners with special education needs and learners from lower socioeconomic backgrounds.
- B. *Provides increased choice for parents*: different types of schools and curricula support increased parental choice through a wider range of educational options, which allows more students to find learning environments that match their needs.
- C. *Minimises risk to the Crown*; contracting with new Partnership School sponsors could have flow-on consequences for the Crown.

Option One: Status Quo

12. Under option one:
- A. There would be no change to legislation.
 - B. TEIs would not be able to sponsor Partnership schools as this is not one of the functions that is currently authorised by statute.
 - C. Current sponsors would receive no additional support.

Assessment against options

Criterion	Assessment
Supports Government goals for student achievement	This option would impact on increased achievement over time. It is expected that as the Partnership Schools model becomes more firmly established as an option within the New Zealand education system, student achievement will increase
Provides increased choice for parents	This option would only contribute a limited amount to increasing choice for parents as it makes no change to current arrangements. As mentioned above, while a wider variety of Partnership School sponsors may arise over time, this is likely to be incremental.
Minimises risk to the Crown	This option poses relatively little risk to the Crown. However, it does not actively contribute to the policy objective.

Impacts

13. This option is likely to increase the pool of capable sponsors, over time, as once there is greater understanding of the model and an established record of success among existing Partnership Schools, new sponsors are likely to be attracted to the possibility of sponsoring Partnership Schools. However, because this is a passive option, its effect is likely to be limited.

Option Two: Enabling TEIs to sponsor Partnership Schools

14. TEIs are a type of Crown Entity, which means, as with all Crown Entities, they are only permitted to perform those functions that are specifically authorised by statute. In order to enable TEIs to sponsor Partnership Schools, the Education Act 1989 would be amended.

15. Many TEIs already have links to schooling through providing initial teacher education, secondary/tertiary transition programmes, research projects, transitions from learning to employment and/or supporting on-the-job learning. Many also have long track records as capable educational managers with significant budgets and strong links with industry. Many academics within TEIs will be familiar with the latest educational research and theory.

16. There is evidence from overseas jurisdictions (the United States and the United Kingdom) where the involvement of TEIs in charter school programmes has advanced other government priorities, particularly strengthening the focus on STEM (science, technology, engineering and mathematics) in compulsory education. This is summarised in Appendix one.

17. Under option two:

- The Education Act 1989 would be amended to specifically allow TEIs to become sponsors of Partnership Schools.
- It is likely that a TEI that had an interest in a Partnership School would establish a related entity (such as a subsidiary company or a trust) in order to sponsor the Partnership School.

Assessment against the criteria

Criterion	Assessment
Supports Government goals for student achievement	TEIs have the potential to be strong, capable, sponsors who could lift achievement for students not currently well-served by the education system. For example, TEIs might be well-placed to offer programmes that prepare otherwise struggling students for a better secondary-to-tertiary transition.
Provides increased choice for parents	TEIs could offer new and innovative approaches to education drawn from the latest educational research and practice.
Minimises risk to the Crown	<p>This option would involve no additional cost to the Crown. The risk of a Partnership School failing may well be smaller than under the status quo, as TEIs are generally larger organisations than the current sponsors of Partnership Schools.</p> <p>Although TEIs are independent of the Crown, the Crown still has an ownership interest in TEIs.</p> <p>This means that TEI sponsorship of Partnership Schools poses a potential risk to the Crown in a way that community organisation sponsorship does not. The risk to the Crown in</p>

	<p>any given case would be partially related to the size of the TEI (small TEIs constitute a bigger risk than large). However, the Tertiary Education Commission (TEC) has robust mechanisms available to monitor the performance of TEIs and is able to intervene when a TEI may be at risk.</p> <p>TEIs are likely to establish a related entity, such as a subsidiary company, in order to sponsor a Partnership School. New proposals for reforming the regulatory framework for TEI investment in related entities would enhance the TEC's monitoring of TEI related entities. This monitoring would focus on:</p> <ul style="list-style-type: none"> • the perceived risk level of the TEI in terms of how well governed and managed they are • the magnitude of risk posed by the related entity (in this case the sponsor of a Partnership School).
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Impacts

18. As sponsoring a Partnership School is only possible by making an application, and if successful entering subsequent negotiations with the Crown, there would be no immediate impact in allowing TEIs to sponsor Partnership Schools. Only TEIs who can clearly establish strong governance, fiscal management and quality education outcomes would likely be accepted as sponsors in future application rounds.
19. If a TEI were successful in their application to become a sponsor of a Partnership School this could impact on the employment status of some employees of the TEI. Those TEI staff who also worked in a Partnership School would not be state sector employees in their employment that related to the Partnership School.
20. More generally, a TEI may need to develop new internal processes and organisational structures to account for the fact that Partnership Schools are subject to a distinct legislative framework from TEIs in general. One way of doing this would be for a TEI to establish a subsidiary company or other form of legal entity specifically for the purpose of sponsoring a Partnership School.
21. It is also being proposed that these related entities are subject to enhanced risk monitoring by the Tertiary Education Commission (TEC). Consequently, it is likely that TEIs involved in the sponsorship of a Partnership School will be subject to these increased powers.

Option Three: Provide support to existing Partnership Schools

22. Some overseas jurisdictions have bodies that provide support for the equivalent of Partnership Schools both before and after they have been set up. These bodies are also able to be a voice for the schools on policies and practices that affect them.
23. For example, the New Schools Network (NSN) is an independent charity that provides support to applicants wishing to establish Free Schools in England. The NSN is contracted to the Department for Education, as well as receiving funding from donors. The NSN provides advice and support to prospective applicants and Free Schools in the opening or pre-opening phase, and has responsibility for raising awareness about the policy and increasing the pool of applications. The NSN also brokers corporate and philanthropic support for Free Schools and Academies.

24. The New York City Charter School Center (NYCCSC) is a not-for-profit organisation that provides advice and support to prospective charter schools, as well as ongoing support for approved charter schools (including PLD and advice on compliance). It is funded by donors, which include large philanthropic bodies. The NYCCSC also aims to foster a favourable public policy environment for charter schools.

25. If such a body were established in New Zealand, it would:

- work with potential sponsors to ensure that they had strong, realistic applications to put forward in any selection rounds
- be a broker between potential and actual sponsors and philanthropic organisations that might wish to support Partnership Schools
- support sponsors in the setting up and ongoing operation of their schools
- be a voice for Partnership Schools on national issues of policy and practice that affect the schools.

26. The roles outlined above would not be appropriate for either the Ministry of Education or the Partnership Schools Authorisation Board. There would be a conflict of interest with the advice and monitoring roles of both. A government department could not take on an advocacy role on issues of policy and practice. The Authorisation Board is a statutory advisory group whose purpose is to advise the Minister of Education on potential Partnership School contracts and has a role in reviewing and monitoring each school against the educational outcomes in their contracts. It is not a body corporate and could not employ staff or let contracts without personal risk to its members.

27. One way for the roles outlined above to be carried out would be for the government to contract them as services, either from an independent entity dedicated to the support of Partnership Schools, or from another relevant organisation.

28. Under option three:

- The government would contract either an independent entity dedicated to the support of Partnership Schools, or another relevant organisation, to provide support for potential and existing Partnership School sponsors, and to grow the pool of potential sponsors.

Assessment against the criteria

Criterion	Assessment
Supports Government goals for student achievement	This option has the potential to support increased achievement amongst current sponsors of Partnership Schools by allowing the sharing of resources and best practise between existing Partnership Schools.
Provides increased choice for parents	This option may support increased choice, as increased advocacy and industry outreach may increase the number or type of Partnership Schools available. The pool of sponsors may be expanded if this service was contracted by the Crown.
Minimises risk to the Crown	This option would pose little risk to the Crown as robust contract management practices would be used to ensure that any entity receiving Government funding would be required to achieve certain outcomes.

Impacts

29. This option addresses the identified policy objective by potentially increasing the pool of sponsors of Partnership Schools. As more organisations become aware of the benefits of sponsoring a Partnership School, the result may be an increase in the number of high quality applicants. However, it is an indirect mechanism for achieving that outcome

because it does not directly increase the potential pool of sponsors for partnership schools.

Summary of analysis of options

30. The tables below provide a summary of the extent to which each of the options meets the objective of strengthening the Partnership Schools model by increasing the pool of capable sponsors. A score of 3 means that there is strong potential for the goal to be achieved under the proposed option. A score of 2 means that there is moderate potential that that goal would be realised under the proposed option. A score of 1 means that there is low potential for that goal to be achieved under the proposed option.

Summary of analysis for options

Goal	Option 1: Status Quo	Option 2: Allowing TEIs to sponsor Partnership Schools	Option 3: Create an independent body to support existing Partnership Schools
Supports Government goals for student achievement	1	3	3
Provides increased choice for parents	1	3	2
Minimises risk to the Crown	3	3	3

Conclusions and Recommendations

31. Option one, the status quo, only achieves the policy objective of increasing the pool of capable sponsors of Partnership Schools to a limited extent. While the status quo does not incur much additional risk to learners or the Crown, it does not go very far towards achieving the Government's other goals.
32. Option two addresses the identified policy objective of strengthening Partnership Schools and meets the identified objectives of both supporting Government goals for student achievement and providing increased choice for parents. It also has the advantage that it involves no direct additional financial contribution from the Crown.
33. The Crown's ownership interest in TEIs means that, potentially, TEI sponsorship of a Partnership School poses an added risk to the Crown in a way that other types of sponsorship do not. This risk can be moderated through the robust application process applied by the Authorisation Board, as well as the TEC's ongoing monitoring of risks to TEIs.
34. Current proposals to improve TEC monitoring of TEI investments in related entities would also mitigate the risks to the Crown of TEI involvement in the sponsorship of Partnership Schools.
35. To some extent, option three addresses the identified policy objective of potentially increasing the pool of eligible, capable sponsors of Partnership Schools. Contracting either an independent support entity or another relevant organisation to share resources and best practise between current sponsors could support Government goals for student achievement. Although this option has potential to strengthen the existing model of Partnership Schools, its effect on the potential pool of capable sponsors would not be as direct as enabling TEI sponsorship of Partnership Schools.

36. Accordingly, option two, allowing TEIs to sponsor Partnership Schools, is assessed to have the greatest potential for satisfying the primary policy objective.

Implementation

37. The Education Act 1989 will be amended through an omnibus education bill. TEIs could become sponsors from 2017 if the Ministry of Education announced a request for applications after this time.

Monitoring, evaluation and review

38. It is proposed that TEIs who sponsor Partnership Schools would be monitored and evaluated as part of the existing arrangements that apply to Partnership Schools. Furthermore, the usual TEC risk monitoring of TEIs and proposed improved monitoring of TEI investments in related entities would be used to manage any potential risks to the Crown.

Consultation

39. The Tertiary Education Commission, The Treasury and the State Services Commission have been consulted as part of the policy development process. The Department of Prime Minister and Cabinet has been informed as part of this process.
40. Public consultation will occur as part of the Select Committee process.

Appendix one: examples from other jurisdictions

In the United States, universities are associated with charter schools, and in England, with free schools, or academies.

United States

Some universities are full sponsors of charter schools. For example, the University of Chicago sponsors the University of Chicago Charter School, which aims to accelerate learning, develop college readiness, and cultivate self-responsibility and leadership. There is often a special relationship with the university's teacher education department.

Some universities partner with other organisations as sponsors of charter schools. For example, Rutgers University has faculty members on the board of the LEAP Academy, which acts as a feeder school for the university. In this scenario, the university will have influence but not control over the school. In some cases, the charter school and the university may be co-located and share services, but the university has no role in governance.

England

In England, universities are also full sponsors of free schools and academies and partner with other organisations. For example, the University of Birmingham will open its own free school in 2015 for students aged from 11 to 19, designed to get city children from all backgrounds into top institutions. The school will be a leading centre for teacher training and will work closely with the University's Education department, driving research in teaching and school improvement.

Two recent developments are of interest. Universities are being urged by the government to sponsor new free schools specialising in mathematics. The intent of the initiative is to create a network of free schools teaching 16-19-year-olds under the aegis of their local universities. This will strengthen maths education at secondary school by providing academic support and strong links between higher education and local populations. If it proves to be a success the model may be extended to other subject areas, especially science. Two universities – Exeter and King's College, London – opened maths schools in 2014.

A second initiative is the University Technical College. These institutions are like academies/free schools but they must have a university as a lead sponsor. They must offer technically-oriented courses of study. Twenty were opened by the beginning of 2014, many with large companies as co-sponsors. Their aim is to ensure more students go on to undertake higher-level courses of study in technical subjects, having developed a strong base in secondary education.