



Report: Information on the charter school model for the Association of Proprietors of Integrated Schools

To:	Hon David Seymour, Associate Minister of Education		
Cc:	Hon Erica Stanford, Minister of Education		
Date:	7 October 2024	Deadline:	N/A
Security Level:	In-Confidence	Priority:	Medium
From:	Alanna Sullivan-Vaughan	Phone:	(04) 463 8414
Position:	Senior Policy Manager	METIS No:	1335691

Why are we sending this to you?

You recently attended the Association of Proprietors of Integrated Schools (APIS) conference. APIS requested some further information on the charter school | kura hourua model.

What action do we need, by when?

We have prepared the information attached as Annex 1 for your office to share with APIS. This covers matters raised with you and your office directly by APIS, and some further information that was requested from the Ministry.

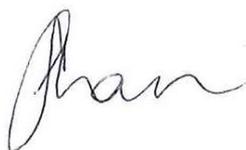
We will work with your office to share this information with APIS, once it has been reviewed by you.

Recommended Actions

Proactive Release:

- a. **agree** that the Ministry of Education release this paper once it has been considered by you with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree



Alanna Sullivan-Vaughan
Senior Policy Manager
Te Pou Kaupapahere

7/10/2024

Hon David Seymour
Associate Minister of Education

___/___/___

Annexes

The following are annexed to this paper:

Annex 1: Information on Charter Schools | Kura Hourua

Proactively Released



Information on Charter Schools | Kura Hourua

Converting to become a charter school

Who would be the sponsor of a converting school?

A sponsor is the body approved by the Authorisation Board to operate a charter school. It must be a body corporate, corporation sole, limited partnership, institution, or a related entity that wishes to open and operate a charter school (see section 212F(1)(a) of the Act).

For a converting school, the application process could be initiated by either a school board or 1 or more members of a school community together with a prospective sponsor. If the application is successful and the school converts to a charter school, the school board will no longer exist.

What level of community support is needed?

The Authorisation Board will need to consider the level of support from the community for each application (section 212I(2)(f) of the Act). This covers both new and converting schools.

For converting school applications, the Authorisation Board must also consult the community and others to ascertain the level of support. This will involve consulting with the school board, school community, school staff, students, and any other people the Authorisation Board wants to consult with (section 212I(5) of the Act).

The Act does not require a particular level of support from the school community before approval can be granted. This is intended to provide the Authorisation Board with discretion rather than having a specified level, which would be somewhat arbitrary. The level of support will be considered alongside other factors, including:

- the focus of the proposed school
- the capability of the sponsor
- the standard of tuition to be provided
- financial implications, and
- the potential impact on the wider school network, given the proposed location, anticipated roll and other factors.

What will happen to staff if a school converts to become a charter school?

If a State integrated school converts, all employees of a converted school will become employees of the new sponsor (see clause 119(1) of Schedule 1). The sponsor employs all staff and negotiates salary levels and employment conditions. For converting schools, staff will be transferred on terms and conditions which are 'no less favourable overall', which includes in relation to the employees' overall remuneration and service related to superannuation entitlements (see clause 119 of Schedule 1).

There are some conditions that cannot be easily transferred and will need to be modified, for example because they are centrally allocated, like sabbaticals.

This legislation overrides the surplus staffing entitlements in State school collective agreements, and Part 6A of the Employment Relations Act 2000 for the transferred employee.



How will contracts link with the terms in a school's integration agreement?

According to Schedule 1, clause 116 of the Act, integration agreements between the proprietor and the Crown relating to a State integrated school will be treated as cancelled. Any new contractual obligations and/or agreements (such as property related agreements) will need to be worked through as part of contract negotiation between the sponsor and the Charter School Agency.

How does the Act protect special character on conversion?

Under section 212K of the Education and Training Amendment Act 2024 (the Act), the Authorisation Board must or may set conditions on approving a sponsor that a sponsor must comply with. For a converting school, if the State school is a designated character school, a Kura Kaupapa Māori, or a State integrated school, the character of the school must be maintained.

Will converting schools be required to keep their special character, if a change of government policy means they have to convert back?

The charter school model does not include the ability for a charter school to convert back to a State school.

The Government's intention is for the model to be in place long term. A sponsor will operate a charter school and is expected to have a fixed-term contract of 10 years, with two further rights of renewal for 10 years each. This is intended to provide certainty for sponsors, staff, students and school communities. It also supports the endurance of charter schools in the public school network, which provides free enrolment and education to domestic students.

Network

Will enrolment schemes apply to converting charter schools?

Enrolment schemes will not apply to charter schools (both new and converting). This means existing or proposed zones will not be applied to a school that converts to become a charter school. There may need to be changes to existing zones in some areas if a school converts to a charter school, but this would need to be considered by the Secretary for Education on a case-by-case basis.

What will replace enrolment schemes?

When a State school converts, all students currently enrolled at the school must be allowed to attend the charter school (see section 212K(1)(a) of the Act).

Instead of enrolment schemes, charter schools will be restricted by the physical capacity of the school premises in the number of students that can be enrolled. The Act requires the contract to specify the "physical capacity of the school premises" (section 212L(5)(a)). A charter school must enrol all domestic students entitled to free enrolment and free education under section 33 who apply to the school up to the physical capacity of the school premises, as stated in the charter school contract (section 212T(1)).

If a converted charter school previously had an enrolment scheme when it was a State school, the order of priority, if oversubscribed, is set out in section 212T(4) of the Act. The first priority is for any applicant who lives in the area of the converting school's previous home zone.

For all other charter schools, including new schools and schools that converted but did not have an enrolment scheme, the priority if oversubscribed is similar to the priority for State schools (see section 212T(4)).



Will students who currently have access to school transport services have access to school bus services when a school converts?

In the State schooling system (inclusive of State integrated schools), individual students are deemed eligible for transport, rather than students at a particular school.

While school transport is not covered by the Act, Cabinet has decided that charter school students will continue to access school transport assistance under the same criteria as students that go to State schools.

Funding and fees

Will converting State integrated schools be able to charge attendance dues if they did previously?

State integrated schools that convert and had an integration agreement that allowed them to charge attendance dues prior to converting will be able to charge parents/caregivers a property maintenance fee, subject to it being agreed in the charter school contract, (see section 212V of the Act).

Can charter schools charge fees?

Charter schools cannot charge tuition fees. Under section 33 of the Act, they must provide free education and enrolment, as State schools do.

However, section 212V of the Act provides that State integrated schools that convert and had an integration agreement that allowed them to charge attendance dues prior to converting will be able to charge parents a property maintenance fee, subject to it being agreed in the charter school contract.

What additional flexibilities does the charter school funding model offer to sponsors?

Funding for charter schools is broadly equivalent to State schools; however, most funding components will be calculated as per-student amounts and paid as cash. This makes the funding model simpler, encourages roll growth and maximises flexibility for sponsors. The biggest change for a converting State integrated school would be the cashing up of staffing entitlements and the flexibility to use this differently.

This flexibility is balanced with higher accountability. Sponsors will have contracts with the Charter School Agency who will be responsible for ensuring sponsors are complying with their contractual and legislative obligations. The legislation requires sponsors to provide an annual self-audit and financial accounts to the Agency, and the contract may require more frequent reporting. If the charter school is not complying with the contractual terms, an intervention may be used.

While funding is broadly equivalent, the move to a cashed up, per-student model means that funding will not be exactly the same for schools in the State system and the charter school system. For example, the conversion of base funding for small schools to per-student amounts will tend to mean less funding on average for these schools but incentivises growth.

The link below provides more information on the funding model, including some examples of the funding different schools could expect to receive:

[20240812-CSA-funding-factsheet.pdf \(charterschools.govt.nz\)](#)



Will converting schools receive establishment funding?

Converting schools will not receive establishment funding. Establishment funding is intended to support the set-up of new schools, similar to what is provided for a new school in the State system.

Some assistance is available to meet reasonable expenses related to conversion, in agreement with the Charter School Agency.

What are the provisions relating to property?

A sponsor of a converted State integrated school will be fully responsible for the property, including complying with relevant legislation and ensuring premises are suitable.

Sponsors will be provided with funding for the relevant property arrangement. The funding rate for capital maintenance for sponsor-owned property is the same as the Policy One funding rate for State integrated schools.

Comparison between State integrated schools and charter schools

Integration agreement/charter school contract

An integration agreement is between the proprietor and the Minister of Education. It records the integration terms and conditions, including the nature of the special character, the property to be integrated, and the maximum roll.

The charter school contract is between the sponsor and the Charter School Agency. It records the terms and conditions, with a focus on outcomes required, performance management, and interventions. It will also include the special character and the physical capacity of the school premises and the ability to charge property maintenance fees if that is agreed. If the charter school has a special character, this must be notified in the Gazette.

Network management

If a State integrated school converts, the special character of the school must be maintained (section 212K(1)(b)). Converted charter schools will not have an enrolment scheme and must enrol all domestic students entitled to free enrolment and free education under section 33 who apply, up to the physical capacity of the school (section 212T(1)).

However, a charter school may refuse to enrol a student if a parent, or other person who has accepted responsibility for the education of the student, refuses to accept that the school operates in accordance with any religious, philosophical, or other distinguishing characteristics approved by the Authorisation Board and notified in the Gazette (section 212T(2)). This is similar to the “preference of enrolment” function for State Integrated schools in the existing legislation.

Growth funding

Growth funding will continue to be considered as part of the annual Budget process. Unlike Policy Two funding for State integrated school growth, it will be based on the number of students.