



## Report: Charter Schools Appropriation - transferring funds between categories

To:	Hon David Seymour, Associate Minister of Education Hon Nicola Willis, Minister of Finance		
Date:	1/04/2025	Deadline:	7/04/2025
Security Level:	In-Confidence	Priority:	High
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Drafter:	Sean Voigt	METIS No:	1345188

### Why are we sending this to you?

- You are receiving this because we are seeking to close the Sponsor-Owned Property Non-departmental Other Expense Category of the Charter Schools | Kura Hourua Appropriation as it unduly limits the use of funding by sponsors. If this category is closed, the funds currently allocated to this category will be moved to other categories within the appropriation. Your agreement is required for both of these actions.

### What action do we need, by when?

- We are seeking your agreement by Monday 7<sup>th</sup> March 2025 to allow the proposed change to appropriations for 2024/25 be included in the 2024/25 Supplementary Estimates.

### Key facts, issues and questions

- The scope of the expense category titled 'Charter Schools on Sponsor-Owned Property', unduly limits the use of funding by sponsors.
- We are proposing to close the category and transfer the funding to other categories within the Charter Schools | Kura Hourua Appropriation.
- Cabinet previously agreed that joint Ministers may make decisions on fiscally neutral transfers between Vote Education appropriations (within a financial year) where necessary to fund charter schools in a way that does not materially disadvantage state schools on a per student basis [CAB-24-MIN-0217 refers].

## Background

- 1 On 24 June 2024 Cabinet authorised the Prime Minister, Minister of Finance, Minister of Education, and Associate Minister of Education to make decisions as soon as possible on property-based funding matters [CAB-24-MIN-0217]. These Ministers have authorised the Associate Minister of Education and the Minister of Finance to make joint decisions on:
  - a. a new appropriation or appropriations to fund charter schools;
  - b. fiscally neutral transfers between Vote Education appropriations (within a financial year), where necessary to fund charter schools, in a way that does not materially disadvantage State schools on a per-student basis;
  - c. the treatment of Board of Trustees assets, liabilities, contracts, and obligations; and
  - d. developing a transition of property funding for charter schools in Ministry-owned property.
- 2 The cut-off for the approval of proposed changes to appropriations for 2024/25 and for them to be included in the 2024/25 Supplementary Estimates is Monday 7<sup>th</sup> April 2025.

## Closing an appropriation category to better align funding with its intended purpose

- 3 The Minister of Finance and the Associate Minister of Education previously approved a fiscally neutral transfer between categories to align with forecast costs, which reflected the latest information on the rolls and funding rates of different school types and year levels in charter schools [METIS 1340340 refers]. The approved transfer is outlined in Table 1 below:

Table 1: Fiscally neutral transfer approved in December 2024

Vote Education Minister of Education	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
<b>Charter Schools   Kura Hourua MCA</b>					
<i>Non-Departmental Output Expenses:</i>					
Charter Schools (Primary Education)	2.903	-	-	-	-
Charter Schools (Secondary Education)	(4.051)	-	-	-	-
<i>Non-Departmental Other Expense:</i>					
Charter Schools on Sponsor-Owned Property	1.148	-	-	-	-

- 4 We consider that the scope of the 'Charter Schools on Sponsor-Owned Property' expense category unduly limits the use of funding by sponsors to capital upgrades. The current scope statement is as follows: *'This category is limited to providing sponsors funding to sponsors of charter schools occupying sponsor-owned property for capital upgrades, including modernisation, of their existing school property and facilities as well as any agreed expansion.'*
- 5 We consider this category scope too narrow, as it does not align with the the flexibility inherent in the charter schools funding model. While the rate of property funding broadly reflects the value of equivalent resourcing for state schools, sponsors that own or lease their property have the autonomy to determine how best to apply their funding to achieve the outcomes set out in their contract with the Charter Schools Agency.

- 6 We therefore seek your approval to a fiscally neutral transfer of the funding that sits within the 'Charter Schools on Sponsor-Owned Property' category to the 'Resourcing and Oversight of Charter Schools', 'Charter Schools (Primary Education)' and 'Charter School (Secondary Education)' categories, and to close this category. This will better align funding with its intended purpose.

## Next Steps

- 7 Once the transfers have been approved, the Charter School Agency will, with the support of the Ministry of Education, submit the relevant details to Treasury.

## Recommended Actions

The Charter School Agency recommends you:

*Transfer of funding within the Charter Schools | Kura Hourua MCA to ensure flexibility*

- a. note that the Charter Schools | Kura Hourua MCA includes the Non-departmental Other Expense 'Charter Schools on Sponsor-Owned Property', but that requiring the funding to be used only within its narrow scope would reduce flexibility for sponsors;

Minister of Finance  
Noted

Assoc Min of Education  
Noted

- b. approve the following fiscally-neutral adjustments for Charter Schools | Kura Hourua with no impact on the operating balance and/or net core Crown debt:

Vote Education Minister of Education	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
<b>Charter Schools   Kura Hourua MCA</b>					
<i>Departmental Output Expenses:</i>					
Resourcing and Oversight of Charter Schools	0.200	-	-	-	-
<i>Non-Departmental Output Expenses:</i>					
Charter Schools (Primary Education)	0.348	-	-	-	-
Charter Schools (Secondary Education)	0.600	-	-	-	-
<i>Non-Departmental Other Expense:</i>					
Charter Schools on Sponsor-Owned Property	(1.148)	-	-	-	-

Minister of Finance  
Agree / Disagree

Assoc Min of Education  
Agree / Disagree

- c. **agree** that the proposed change to appropriations for 2024/25 be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

**Minister of Finance**  
Agree / Disagree

**Assoc Min of Education**  
Agree / Disagree

- d. **agree** that the Non-Departmental Other Expense category be removed from the Charter Schools | Kura Hourua MCA from 2025/26;

**Minister of Finance**  
Agree / Disagree

**Assoc Min of Education**  
Agree / Disagree

*Proactive Release:*

- e. **agree** that the Charter School Agency release this paper once it has been considered by you, with any information needing to be withheld redacted in line with the provisions of the Official Information Act 1982.

**Minister of Finance**  
Agree / Disagree

**Assoc Min of Education**  
Agree / Disagree



Duane McKibben

**Head of Business Strategy and Services**  
**Charter School Agency**  
01/04/2025



Hon Nicola Willis

**Minister of Finance**

6/4/25



Hon David Seymour

**Associate Minister of Education**

2/4/25