



# Report: Charter school support function operational arrangements

To:	Hon David Seymour, Associate Minister of Education		
Date:	15/08/2025	Deadline:	22/08/2025
Security Level:	In-Confidence	Priority:	Medium
From:	Jane Lee Chief Executive	Phone:	+64 4 816 0034
Drafter:	Duane McKibben Head of Business Strategy and Services	METIS No:	1350494

## Why are we sending this to you?

- In your letter of 3 May 2025, you requested assurance that the Charter School Agency's interim support model maintains a clear separation between support and oversight activities, avoids conflicts of interest, and ensures equitable access to support.
- This report responds to that request, outlines proposed operational arrangements, and:
  - proposes adjustments to the capped entitlements for support to sponsors at different points in the charter school process, including more support to converting schools
  - proposes different mechanisms for the delivery of support depending on whether a contract is in place with the sponsor
  - notes that a fiscally neutral adjustment is required to create a new category in the Charter Schools | Kura Hourua multi category appropriation for the support function.

## What action do we need, by when?

- We are seeking your agreement to the proposed capped entitlements for support, including extending more support to converting schools.
- We are also seeking your confirmation that the approach outlined meets the policy intent and agreed guiding principles for the support function.
- Please return the signed paper by 22 August 2025.

## Key facts, issues and questions

- This briefing sets out further operational arrangements for the provision of support including setting capped entitlements, and extending more support to converting schools.
- It is proposed that different mechanisms for the delivery of support are appropriate at different stages of the charter school process.
- In order to reduce barriers to entry, it is proposed that applicants receive support via a support partner contracted by the Agency. For sponsors under contract, the Agency would not directly contract with support providers but instead would reimburse sponsors for a capped entitlement, with the support partner of their choice.

## Background

1. In April 2024, you agreed to the procurement of targeted support functions ahead of an independent support entity being established [METIS 1325602 refers].
2. In order to enable the timely establishment of the first wave of charter schools, and to offer support to sponsors in the recent application process, the Agency has identified and contracted with eight different providers who offer experience in education provision and management. Contracts set out compensation for time and resources but allow flexibility of deployment. To date, allocation of support partners has been enabled by the Agency, largely based on geographical location and the type of support sought by applicants and sponsors.
3. In May 2025, you requested further advice from the Ministry of Education in May 2025 on arrangements for providing support [METIS 1346432 refers].
4. You agreed to the proposed guiding principles for the support function:
  - 4.1. **Maintain independence and flexibility for sponsors:** Ensuring that the sponsors retain their independence and flexibility to make decisions regarding their own support needs and minimising any bureaucracy.
  - 4.2. **Value for money:** How support is delivered should provide good value for money through drawing from services in the existing market with sufficient oversight to ensure quality of provision.
  - 4.3. **Maintain clear separation of roles and responsibilities:** Ensuring there is a clear separation of roles and responsibilities in the charter school model. This maintains transparency and clarity for sponsors and the public.
  - 4.4. **Responsive:** Emerging support needs or other identified risks can be managed quickly.
5. The Ministry recommended maintaining the status quo and continuing to connect sponsors to support providers through the Agency at this time. They considered this approach provides value for money and is responsive, as providers are contracted based on expertise to meet particular needs. While the Agency would be part of the process to connect sponsors to support providers, the support is provided independently of the Agency. You indicated your preferred direction that the Agency holds a directory of prospective support providers for sponsors to select their own provision.
6. You also agreed that Crown-funded support should not be provided to sponsors who have been issued with an intervention by the Authorisation Board and to limit the time of Crown-funded support to sponsors and charter schools for up to six months after the school has opened. This decision reinforces the focus of support on sponsors reaching a high bar to entry to the charter school model and then being enabled to operate freely with little interference but strong accountability for results.
7. In your letter of 3 May 2025, you requested assurance that the Agency's interim support model maintains a clear separation between support and oversight activities, avoids conflicts of interest, and ensures equitable access to support. This briefing responds to that request and outlines the current financial and operational arrangements.
8. The Ministry of Education has reviewed a copy of this briefing.

## Allocation of support funding ensures equity of access

9. The Ministry of Education's original advice in April 2024 was that \$5,000 should be allocated to schools for one-off application support, \$50,000 per new school for establishment support and \$20,000 per school for ongoing support. No support was proposed for converting schools for establishment given that schools were already in existence. These limits were based on an original budget bid that was later scaled.

10. To ensure equity of access to support, we recommend that you re-confirm entitlements of support to applicants and sponsors at different stages of the charter school process.
11. It is recommended that there are three milestones that trigger an entitlement of support:
  - 11.1. **Once an EOI is received and logged**, the applicant is eligible for Crown-funded support to complete their application. This process ensures the appropriate allocation of Crown funding by restricting eligibility to applicants that are genuinely committed to the process.
  - 11.2. **Once a contract is signed**, a sponsor is eligible for Crown-funded support to plan and implement the establishment or conversion of a school. We note that in some instances sponsors may require support between approval and contract signing, particularly for converting schools if there are things a school needs to know before signing.
  - 11.3. **Once the school has opened**, a sponsor is eligible for Crown-funded support to finalise establishment or conversion and ensure the school is ready to move to 'steady state'.

### The Agency has examined the support needs of sponsors at different stages

12. The Agency has looked at the support needs of both new and converting schools. This includes the cost of relevant support and estimates of the number of applicants and sponsors.
13. For new schools:
  - 13.1. **Application support** can be very specific and focused. Applicants most often request help with articulating and peer reviewing their proposal, clarifying their approach to performance measurement and developing their business and financial planning. The Authorisation Board may also request that additional support is provided to applicants with high potential that they consider require assistance to complete all requirements before approval.
  - 13.2. **Establishment support** for the first seven schools was conducted at pace and included helping the sponsor develop and implement their establishment plan. Support partners helped sponsors access information about the application of existing state school services such as technology providers, learning support and training on student management systems.
  - 13.3. **Requirements in the first six months** might include ensuring that all student management systems are working appropriately, ensuring that the school is ready for monitoring and reporting on student achievement, reviewing and confirming financial planning for the future, and finalising property planning post opening.
14. We have identified that state and state-integrated schools converting to the charter school model need greater support given additional statutory requirements:
  - 14.1. **Application support** for converting schools requires a tailored process which considers the existing school and community context. To this point the Agency has been able to provide support partners who offer advice and information to help sponsors and schools to navigate this process. This has provided the Authorisation Board with assurance that appropriate steps have been taken for converting in line with statutory requirements. Support has also been provided to sponsors for consultation with the community and staff, as well as starting to answer arising questions on implications for the school and consider practical matters such as property arrangements and asset reviews.
  - 14.2. **Conversion support** for state and state-integrated schools will require support, information and advice to navigate the conversion process. The Agency will work with the sponsor to help them to understand their obligations and will work with the Ministry of Education, who have responsibilities for property and asset management,

and need to ensure that the outgoing school board complete their transition responsibilities. We recommend that funded support is available to help the sponsor identify and implement the actions required to convert the school and help the sponsor and school board to manage the change with their staff and community. We note that, while the government allocated \$30k to meet the costs of conversion, there is no establishment/conversion funding currently available for the incoming sponsor.<sup>1</sup>

- 14.3. **Requirements in the first six months** for converting schools is not expected to require as much additional support. The issues that have arisen for the first wave of schools have mostly related to systems and processes that are already well established in existing state schools.

**Based on this analysis we recommend setting new capped entitlements**

15. The recommended new capped entitlements are as follows:<sup>2</sup>

	New school	Converting school	Assumptions
<b>Application support</b> <i>Working with prospective sponsors to ensure they put forward strong, realistic applications</i>	\$2,000 which equates to approximately 10 hours support.  (with an additional \$2,000 available on Authorisation Board request)	\$8,000 equates to approximately 40 hours support given application processes often take longer for these schools and include fulfilling consultation requirements.	New schools: Can be very specific and focused, e.g. developing business and financial planning.  Converting schools: Requires a more tailored process which considers the existing school and community context.
<b>Establishment / conversion support</b> <i>Working with sponsors and leaders of newly approved schools to provide initial support in setting up</i>	\$50,000 equates to around 2 days per week for a six-month (20 working weeks) establishment period.	\$25,000 equates to 1 day per week for a six-month (20 working weeks) conversion period.	New schools: Helping the sponsor develop and implement their establishment plan, access information, training and services.  Converting schools: Supporting the sponsor to identify and implement the actions required to convert the school and help manage the change.

<sup>1</sup> In June 2024 Cabinet agreed that converting schools can be compensated for reasonable expenses to meet the costs of conversion, up to \$30,000 (+GST). The costs of the residual agent and change manager are expected to take up a large chunk of this. The funding is in the Charter Schools | Kura Hourua multi category appropriation and the Agency will be invoiced by the Ministry. This funding is not available to the sponsor (nor does the sponsor of a converting school get establishment funding).

<sup>2</sup> Estimates are based on the current support partner contracts held by the agency which are priced at 9(2)(b)(ii). Sponsors may not be able to procure services at this price on their local market, although value for money criteria can be considered as part of the vetting process for providers listed on the directory.

	<b>New school</b>	<b>Converting school</b>	<b>Assumptions</b>
<b>Support for first six months of operation</b>  <i>Working with sponsors and schools on day-to-day operational support in areas such as governance, finance and property</i>	\$8,000 equates to around one day a month in the first six months.	\$2,000 equates to around 10 hours of support.	Provides a sufficient and reasonable time for sponsors to have all their core systems established and operating well, and for any performance needs to have been identified.

16. Based on current pipeline estimates for the 2025/26 year and the longer timeframes for conversions, we expect the costs of providing support may be closer to \$1.1m rather than the budgeted \$1.936m. We therefore recommend that the remaining unspent support funding is transferred forward to the 2026/27 year to continue to support converting schools that may express interest over the next year.

## **The role of the support partner helps to maintain independence and flexibility for sponsors**

17. Support is provided independently from the Agency. The mechanisms for delivery of this support are detailed in the following section. Once the support partner is working with a sponsor, the Agency will treat the support partner as part of the sponsor's team. For example, the support partner may seek information from the Agency on behalf of a sponsor, and the Agency will provide information and advice in the same manner as it would respond to a sponsor. The applicant is able to purchase additional support from the support partner at their own cost.
18. The Agency will make sure that information is available to support partners to assist them in their role, especially in the case of those offering establishment/conversion support. This may include, for example, easy access to key collateral or online briefings on the funding model. All of this information will be publicly available, and all information sessions will be open to any member of the sponsor's team.
19. All communications will be clear that the success of any application and/or compliance with contractual obligations are the sole responsibility of the sponsor. Neither the Agency or the support partner can be held accountable for any outcome as a result of any support that has been provided or not provided.
20. The support partner has no responsibility for monitoring the sponsor or providing updates or information to the Agency or the Authorisation Board. They will only report to the contract manager with details of the services provided for invoicing processes. This does not preclude the ability of a support partner to disclose a serious concern to the Agency should they witness or suspect serious wrongdoing or health and safety risks.

## **Mechanisms for delivery of support maintains a clear separation of roles and responsibilities**

21. In their May briefing, the Ministry of Education recommended a model for where the Agency holds a directory of support providers rather than contracting support partners. They suggested that the Agency would vet and broker relationships with support providers across the functions and hold a directory in which sponsors may select the provider that best suits their needs. The Agency would not directly contract with support providers but instead would reimburse sponsors for a set number of funded hours, with the support provider of their choice.

22. The Agency has given thought to whether we could implement this option and deliver the desired firewall between functions. We have identified that the appropriate approach may be slightly different at different stages in the process, this is outlined below.

### **Application support is recommended to continue via contracted support partners**

23. At the application stage, there has not yet been any confirmation that a proposed sponsor (applicant) is an appropriate person to operate a charter school. This means that there is a stronger need for oversight of appropriate spending of Crown funding which may be difficult to achieve through a reimbursement system. While rules could be set around appropriate spending, we are concerned this could lead to disputes when applicants seek reimbursement.
24. In addition, we are conscious of creating further barriers to application, particularly for state schools considering conversion. At this stage of the process, applicants will not necessarily have the mechanism to source or contract their own support. For example, they may not yet have established the legal entity that they propose to operate as a sponsor. Asking applicants to source their own support may delay their application.
25. Finally, at this stage of the process, the Agency has not yet begun its monitoring role. The Agency is instead acting to reach out to potential applicants (particularly converting schools) and manage the application process on behalf of the Authorisation Board. This can include the Authorisation Board asking the Agency to provide more assistance for high potential applicants. There is therefore a better fit and less conflict for the Agency in more direct access to support for applicants.
26. For these reasons, we recommend that we continue the current practice for offering application support, that is that the Agency could continue to identify and contract with support partners for application support.
27. When an expression of interest is received, the applicant would be advised of their support entitlement and provided with access to the panel of support partners. A list of support partners, along with their areas of expertise will be made available to applicants, who are empowered to select their preferred partner. Given the smaller size of potential contracts at this stage, we can manage this based on procurement processes already conducted to date.
28. Applicants would be enabled to initiate engagements directly and inform the Agency of their chosen provider. The Agency will confirm the assignment with the chosen provider and confirm the capped entitlement. This process ensures equitable access to support while allowing the Agency to centrally manage contracts and payments and monitor usage, without influencing the content or direction of the support provided.
29. Financial responsibility for entering contracts with support partners and the payment of invoices sits with the Head of Business Strategy and Services. This Agency group is responsible for enabling operations and supporting governance and is separate from any performance monitoring activities.

### **A reimbursement model is recommended for establishment/conversion and first six-month support**

30. The context following approval and the signing of a contract is different. At this stage, the sponsor has been approved by the Authorisation Board and has signed a contract with obligations to the Crown. The importance of keeping sponsor support separate from the mechanisms to make sponsors accountable is now much greater.
31. Following contract signing, the Agency monitoring role commences. Each sponsor is allocated a Performance Monitor responsible for collating all information about their performance, reporting on what has been achieved with contracts and advising the Authorisation Board on interventions. During the establishment/conversion period, monitoring involves seeking assurance that schools are preparing for commencement,

reviewing the sponsor's establishment plan, collecting information required by the Authorisation Board such as pre-enrolment or property details, ensuring that the Education Review Office are enabled to arrange pre-opening checks and escalating any concerns, issues and risks to the Authorisation Board who oversees performance.

32. The Agency has examined the option of delivering support through a directory of providers for the establishment/conversion stage. To achieve value for money, the approach needs an appropriate level of oversight to meet public finance accountability, commensurate with the administrative cost of implementation, especially when the Crown funding in this area is time limited. It also needs a mechanism to ensure a level of transparent public finance accountability.
33. The intended approach is:
  - 33.1. The Agency will publish and maintain a directory of known providers who have already provided this type of support, along with information about the type of support, capabilities and expertise that they offer.
  - 33.2. A light-touch vetting process will be applied to ensure providers have applicable capability, offer value for money, and agree to be subject to quality evaluation upon the provision of support services to sponsors. On request, sponsors will also be enabled to access support from outside of the directory, subject to the Agency's confirmation that they meet the basic vetting criteria.
  - 33.3. Support will be allocated at key trigger points (signing of contract, opening of school) via the Application Lead, to ensure a separation from monitoring activities.
  - 33.4. A reimbursement system will apply for sponsors up to their total capped entitlement, with the support provider of their choice.<sup>3</sup>
34. Reimbursement will be approved by the Head of Business Strategy and Services, to ensure appropriate separation from any performance monitoring activities.
35. The Agency also considered an alternative option which is to allocate the total funding entitlement for support to sponsors as part of the contracting process, with the sponsor having freedom to contract their own support. The risks of this option include the sponsor may spend the intended support funding on other things, that the support provided to the sponsor may be low quality, and consequently, the school is not effectively established/converted to operate successfully as a charter school. The advantages are the ability to maintain total independence and flexibility, and reduced administration.
36. The Ministry of Education have previously ruled out directly funding sponsors to find their own support as they considered this would increase sponsor's funding making it out of line with the state sector, and counter to the principle of being 'broadly equivalent'. However, we note that the amount of funding allocated for support can be identified with any model.
37. On balance, the intended approach outlined in paragraph 33 is recommended as it seeks to minimise administrative burden, while retaining sponsor independence and flexibility. It also supports value for money because it enables accountability for public funding used for its intended purpose, along with sufficient oversight to ensure quality of provision. A new service performance measure could be developed and linked to the quality of support provided (see Financial Implications section below).

---

<sup>3</sup> If support is required between approval and contract signing, the sponsor would need to cover the costs in anticipation of their entitlement at contract signing, and reimbursement would only occur up to their capped entitlement, once the contract has been signed.

## Risks

38. The risk of perceived or actual conflicts of interest in the provision of support is managed by setting entitlements for different stages of the charter school pipeline. This will ensure that support is made available equitably to applicants and sponsors. Conflict of risks could be further managed at the establishment stage by enabling sponsors to receive funding to contract their own support arrangements. This approach will also manage the risk of confusion with the Agency monitoring role that commences post-contracting.
39. The risk of inappropriate spending of Crown-funding can be managed at the application stage by the Agency contracting support partners. This risk is reduced at the establishment/conversion stage because the sponsor already has a contractual relationship with the Crown.
40. There is some administrative burden in maintaining a directory of providers and reimbursement system, especially given the short-term nature of Crown-funding. The risk is reduced by utilising a light-touch vetting approach and ensuring a simple, equitable allocation of capped entitlements. This also reduces the risk of perceived or actual conflicts of interest given the Agency is not actively brokering the support.

## Financial Implications

41. Funding for the support function was originally allocated as part of the Resourcing and Oversight (departmental) category of the Charter Schools | Kura Hourua multi category appropriation. Time-limited funding currently allocated for this purpose is \$1.936m in 2025/26 and \$0.320m in 2026/27.
42. Given the policy intent and agreed direction, the Agency has queried the appropriation placement of support function funding with the Treasury who have confirmed that it would be more appropriate for this funding to sit in a non-departmental category.
43. We recommend that joint Ministers agree a fiscally neutral adjustment to implement this arrangement from 2025/26 and this separation will ensure transparent accountability for this spending. This category would be limited to the provision of support to applicants and approved sponsors in line with the charter school model, including by third party support partners. We note that a performance measure will need to be developed for this new appropriation category.

## Next Steps

44. The Agency will continue to implement operational arrangements for the interim support function in line with the policy intent and agreed direction.
45. The Agency will prepare paperwork for joint Ministers to agree the fiscally neutral transfer of support function funding into a new non-departmental appropriation category, with appropriate phasing adjustments across the two years of funding.
46. You have also asked the Ministry of Education to review the support function by the end of the 2025 school year. This review would include further advice around the long-term institutional arrangements and recommendations for a future support function.

## Recommended Actions

The Charter School Agency recommends you:

- a. **agree** that state and state-integrated schools converting to a charter school should receive support at the application and conversion stages, and up to the first six months of operation  
**Agree / Disagree**
- b. **agree** to the proposed limits for the capped entitlement to support at different stages of the charter school process (paragraph 15 refers)  
**Agree / Disagree**
- c. **note** that the Agency considers that different mechanisms for the delivery of support are appropriate at different stages of the charter school process  
**Noted**
- d. **agree** that support at the application stage can be delivered via a limited panel of providers contracted by the Agency, with applicants being enabled to select their chosen provider  
**Agree / Disagree**
- e. **agree** that support at the establishment/conversion stage, and up to the first six months of operation, can be delivered via a directory of support partners in which sponsors may select the provider that best suits their needs, where the Agency would reimburse sponsors directly  
**Agree / Disagree**
- f. **note** that the Agency will prepare paperwork for joint Ministers to agree the fiscally neutral transfer of support function funding into a new non-departmental appropriation category, with appropriate phasing adjustments across the two years of funding  
**Noted**
- g. **agree** that the approach outlined meets the policy intent and agreed guiding principles for the support function  
**Agree / Disagree**

### Proactive Release:

- h. **agree** that the Agency 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**

Jane Lee  
Chief Executive

  
Hon David Seymour  
Minister of Education

15/08/2025

19/8/25

Proactively Released