

Report: Charter Schools – Initial advice on enabling one contract for multiple schools

To:	Hon David Seymour, Associate Minister of Education		
Cc:	Hon Erica Stanford, Minister of Education		
Date:	27/02/2025	Deadline:	10/03/2025
Security Level:	In-Confidence	Priority:	Medium
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Why are we sending this to you?

- This report provides initial advice on enabling a sponsor to hold a single contract with multiple charter schools and seeks your agreement to progress legislative changes through the Education and Training (System Reform) Amendment Bill.

What action do we need, by when?

- We are seeking your agreement to progress work to enable a sponsor to hold a single contract for multiple charter schools. Please return the signed paper by 10 March 2025.

Key facts, issues and questions

- Under existing arrangements, a sponsor can operate more than one charter school, but separate contracts are required for each school. We understand that some prospective sponsors have expressed interest in operating more than one charter school and having one overarching contract for these schools (multi-school contracts).
- We consider there are benefits to multi-school contracts. This could include creating efficiencies in the application and contract management processes, sharing excellence in learning and teaching, more efficient use of resources, and potentially including the multi-school approach within the intervention framework to lift poor performance.
- Detailed policy work will be needed to consider the differences of a multi-school approach and to mitigate the potential risks. Governing a group of schools is a significantly different prospect from governing one school, which means some risks in the model are heightened with an increased number of schools and students and flexibility at an individual school level may be lessened.
- If you choose to progress work on multi-school contracts, changes to legislation, the funding model, property arrangements and contractual aspects such as reporting and monitoring will be required.

Alignment with Government priorities

1. This report provides advice on potential enhancements to the charter school model.

Background

2. Current legislation allows charter school sponsors to be the sponsor of more than one school, but they must have separate contracts for each charter school¹.
3. As indicated in previous advice, there would likely be benefits if one sponsor held one contract for multiple charter schools (referred to as 'multi-school contracts' in this paper). This includes creating efficiency in application and contract management, and enabling collaboration and sharing excellence. It also enables existing networks of schools to convert together and continue to operate as a network [METIS 1327397 refers]. However, we also indicated that multi-school contracts are more complex, requiring additional safeguards to reduce risks for students if a sponsor is not performing well, and that further policy work was needed to develop the necessary legislation and contractual changes.
4. Some prospective sponsors have indicated interest in a multi-school contracting approach, including sponsors looking to open more than one new charter school and networks of schools that are considering conversion. The Charter School Agency (CSA) has also indicated such an approach could create efficiencies in contract management.
5. This report expands on previous advice and provides analysis of considerations for this work. We have also examined issues to work through in order to enable sponsors to have multi-school contracts, including legislative and contractual changes needed, should you wish to progress with this work.

Existing arrangements

6. The existing legislative framework was designed to enable a model where one contract exists for each charter school. As noted above, this does not prohibit a sponsor from operating multiple schools under different contracts, as occurred under the previous Partnership School model.
7. To operate multiple charter schools, a sponsor must submit a separate application for each school. Applications are individually assessed by the Authorisation Board and a separate contract developed between the CSA and the sponsor for each charter school. The sponsor must appoint a Chief Executive (CE) to be responsible for day-to-day management and a person responsible for teaching and learning for each school.
8. The performance management and intervention frameworks are designed around a model that has one contract for each school. Sponsors overseeing multiple schools would need to ensure they are meeting contractual performance measures (e.g., financial performance measures) and legislative requirements (e.g., audited annual financial statements) for each individual school. Likewise, interventions are designed to operate for singular schools. For example, the intervention framework provides for the termination of the contract if a school is underperforming, which would mean the contract in its entirety.
9. Despite being on different contracts, sponsors with more than one charter school would be able to share resources under existing arrangements. The sharing of resources could include staff (as long as their employment agreement captures the arrangement), equipment, funding and non-Ministry owned property. While they would be able to share

¹ Section 212L of the Education and Training Act 2020 states the Charter School Agency may, in the name of the Crown, enter into a contract with a sponsor that allows the sponsor to operate a charter school. The way legislation is drafted in multiple areas means each school will need its own individual contract.

these resources, each school is a separate organisation with its own contract, which could present some barriers to streamlining some governance functions (e.g., finance or HR).

The English multi-academy trust framework allows for multi-school contracts

10. The English multi-academy trust (MAT) model is an example of an established system where trusts may hold one funding agreement for multiple academies (schools). A MAT is a not-for-profit company, intended to undertake strategic collaboration to improve and maintain high educational standards.
11. Trusts share management and resourcing with an overseeing board of trustees, which may establish and delegate powers to Local Governing Bodies (LGBs) to oversee an academy or group of academies, though they do not need to establish LGBs. Although the schools within a MAT share funding and resources, they are still recognised as individual entities when assessed by the Office for Standards in Education, Children's Services and Skills (Ofsted).
12. In the English model, most funding is provided to the MAT directly from the government. The MATs then have discretion to decide the way in which funding is retained for central services or distributed between each of their academies². Funding can be allocated between schools and weighted as needed. MATs tend to centralise many functions (e.g., HR, finance, procurement, IT) across the school trust, which allows for economies of scale and a unified approach.
13. MATs may be used as an intervention for schools judged as 'failing' or 'underperforming' by Ofsted. Both maintained schools (UK equivalent to a State school) and academy schools deemed to be failing or underperforming may be transferred to a 'strong' MAT that has been assessed as having the capacity to improve their performance. If an academy that is already part of a MAT is deemed to be failing or underperforming, the academy can be required to join another MAT.
14. The English MAT model is still evolving. The current UK government has introduced the Children's Wellbeing and Schools Bill which, if enacted, would make various changes to the provision of academy schools, creating less flexibility. The Bill provides for additional requirements around the qualification of teachers and teaching the national curriculum, additional interventions and the removal of forced academisation.

There are benefits to multi-school contracts

15. There are a range of potential benefits to allowing sponsors to operate multiple charter schools under one contract:
 - *Lifting performance of the system:* Formalising an approach that allows one sponsor to operate multiple schools together may lift performance across the system, by encouraging more collaboration and support across their network, e.g., sharing of best practice and resources. The multi-school contracting approach could also be used as an intervention within the model where, for example, poorly performing individual schools are moved into a multi-school contract with a high performing sponsor. This would enable poorly performing schools to learn from high performing schools and be better governed.
 - *Efficiency gains across networks through shared resource:* Sponsors would be able to streamline some processes and services across schools, to reduce duplication and lead to better economies of scale, making the schools more financially viable. For example, sponsors could combine corporate functions such as IT, HR management, finance and administration (e.g., enrolment processes). Sharing of teachers between schools could

² Schools may be eligible for bespoke grants which are paid directly to schools e.g. transport, school lunches.

also enable efficiencies in the development of curriculum, assessments or learning materials.

- *Sharing of funding to respond to particular needs:* Under a similar model to the MAT structure, sponsors could receive funding generated by individual schools as a bulk sum. This would allow sponsors to decide which funding is retained for streamlined services and which funding is distributed to individual schools, based on particular needs of schools as they arise.
- *Efficient application and contract management:* Multi-school contracts will allow for efficient application and contract management processes for sponsors with more than one charter school. Sponsors could apply to govern multiple charter schools under one contract and add additional schools to an existing multi-school contract. This could reduce the administrative burden on the Authorisation Board and CSA regarding the approval process, and contract development and management.

Multi-school contracts present some risks, which can be mitigated through strong performance management and monitoring by the CSA and Authorisation Board

16. There could be risks for students moving to a model that has a single sponsor covering multiple charter schools under one contract. This includes:
 - *Less flexibility of an individual school:* Having multiple schools under one contract may limit the flexibility and decision-making of an individual school, which may decrease innovation.
 - *Greater impact if sponsor performing poorly:* If the sponsor is incapable of governing all of their schools, there could be poor outcomes for students at multiple schools. This could impact more students than when sponsors are only responsible for one school.
 - *For-profit financial risks:* Additional concerns could be raised that charter schools under multi-school contracts may be “for-profit” due to a larger scale of operation. As noted in previous advice [METIS 1320896 refers], the ability for charter schools to be “for-profit” raised concerns with some stakeholders that students could be negatively impacted by sponsors redirecting funding from teaching and learning to investors or undertaking excessive cost-cutting.
17. In order to mitigate these risks additional safeguards would need to be put in place. MATs are a good example of a framework that safeguards against these types of risks, particularly focussing on reducing the likelihood of having a poorly performing trust in charge of a multiple schools by:
 - having an assurance and auditing framework to ensure sponsors are capable and remain capable of managing the schools;
 - having a funding model and performance management framework that supports this type of framework;
 - requiring academies to operate on a non-profit-making basis.
18. In particular, we consider that strong performance management and monitoring on both a sponsor and an individual school level would be an important risk mitigation, building off the performance management and intervention framework that already exists at an individual school level. It will also be important to have clear requirements in place indicating what decisions and responsibilities sit with the sponsor and which sit with the individual school.

Initial understanding of changes required

19. If you choose to continue developing policy options for multi-school contracts, you will need to make a range of changes to the model. Some of these changes will require legislative amendments, whereas others will be specified in contracts.

20. Key areas to work through are:

- *Structure of entity* – In the UK model, MATs are required to have a particular structure, whereas currently the definition of 'sponsor' is broad. We will need to work through what an appropriate structure is in the New Zealand context and what minimum requirements there should be to support high performance. This requires legislative change.
- *Performance management* – Legislation will need to specify the level of reporting requirements and performance management at an individual school level versus at a sponsor level. We will also consider whether any additional performance measures and monitoring requirements would be appropriate for sponsors managing multiple schools.
- *Interventions* – There are two key issues to consider here, both of which require legislative change. The first is how interventions would apply in a multi-school context, where one school may be performing worse than others. The second is how a multi-school approach could be used within the framework as an intervention, for example where an individual school is underperforming so is moved into a high performing multi-school contract.
- *Application and approval processes* – These processes are currently set up to support sponsors with one application per charter school. We will need to consider how this will work for an applicant wishing to open multiple schools, and for an existing sponsor looking to open a new school under the same contract. This requires legislative and operational change.
- *Funding* – We will need to consider the level of flexibility the sponsor will have in allocating funding to each school and how the funding is calculated (e.g., at a sponsor level or school level), given potential differences in school characteristics.
- *Property* - There will be particular issues to work through in regard to sponsors in Ministry-owned property and how we ensure the assets are maintained, in a model where resourcing can be shared more freely.
- *Review of other legislative provisions* – We will need to consider the impacts of the multi-school contracting approach on other provisions in the legislation, including conversion and a number of other areas. These provisions may in some areas be drafted in a way that is only applicable to one individual school rather than a group of schools.

21. The table in Annex 1 shows how each of the key areas above operates under the English model.

We recommend you progress a multi-school contracting approach

22. We consider there are benefits in a multi-school model and recommend you progress with the legislative changes needed. This would be possible through the Education and Training (System Reform 9(2)(f)) Amendment Bill.
23. If you agree, you will receive detailed advice on each of the key areas listed above, with an initial paper in the coming weeks seeking your direction on the overarching level of flexibility and where responsibilities should sit between the sponsor and individual schools.

Next Steps

24. If you wish to progress a multi-school contracting approach, you will receive further advice. We will focus initially on the issues requiring legislative change, as these decisions will have the most pressing timeframes.
25. Any legislative changes required for this work will be progressed via the Education and Training (System Reform 9(2)(f)) Amendment Bill. Cabinet policy decisions for this will be made in late July 2025. We recommend undertaking some targeted engagement with the sector prior to including this proposal in the Bill which could take place in May to June 2025.

26. Estimated timeframes are:

Milestone	Estimated date
Cabinet agreement to consult	May 2025
Public consultation	May – June 2025
Cabinet approval for policy decisions	August 2025
Cabinet approval to introduce the Bill	December 2025
Bill introduced	December 2025
Report back from Select Committee	June 2026
Bill enacted	August 2026

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that legislation currently allows charter school sponsors to be the sponsor of more than one school, but they must have separate contracts for each charter school.
 Noted
- b. **agree** to progress work to allow a sponsor to hold a single contract for multiple charter schools as part of the Education and Training (System Reform ^{9(2)(f)(iv)}) Amendment Bill.
 Agree / Disagree
- c. **note** that all policy decisions that require legislative change will be needed by August 2025.
 Noted
- d. if you agree to recommendation b above, **agree** to undertake targeted engagement on this proposal prior to including it in the Education and Training (System Reform [REDACTED]) Amendment Bill.
 Agree / Disagree
- e. **agree** that the Ministry of Education release this paper once final Cabinet decisions on multi-school contracts have been made, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.
 Agree / Disagree


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27/02/2025


Hon David Seymour
Associate Minister of Education

2/3/25



Annex 1 – Detailed explanation of the English Multi-Academy Trust model

See below a detailed explanation of the English Multi-Academy Trust model. Note that the UK government has introduced the Children's Wellbeing and Schools Bill. If enacted, this would make various changes to academy schools including requirements relating to the qualification of teachers, teaching the national curriculum, increasing interventions and removing forced academisation.

Structure of entity	<ul style="list-style-type: none">• Multi-academy trusts (MATs) run a group of academies and are responsible for the performance of those academies. Some MATs are supported by sponsors such as existing academy trusts, businesses, universities, other schools, faith groups or voluntary groups.• Section 12 of the Academies Act 2010 sets requirements for "qualifying Academy proprietors".• MATs must have "Articles of Association" which are approved by the Department for Education. This specifies how many people will make up the academy trust and who will be in charge of appointing the academy trustees. The Education and Skills Act 2008 prohibits certain people from taking part in academy trust management.• MATs must comply with the Academy Trust Handbook which sets out roles and responsibilities of members, and who can be members, as a condition of the funding agreement.• MATs must comply with the trust's charitable objectives, with company and charity law, and with their contractual obligations under a funding agreement.• MATs are the legal entity, rather than the individual academies.• MATs may form committees (audit committee, education performance committee, finance committee), which central powers are delegated to/ committees specialise in.• MATs may also establish Local Governing Boards (LGBs) and delegate responsibilities for a single academy or group of academies.
Performance management / Safeguards	<ul style="list-style-type: none">• The MAT is accountable for the performance of each school in the group, although if LGBs are established they may have some responsibilities (subject to delegation agreements).• Ofsted carry out individual inspections of academies (but not MATs).• Legal requirement to publish their accounts on their website. Academies must maintain an Attendance Register.• In 2019 Ofsted published a report that stated while there is evidence that MATs hold their academies to account, the extent to which they effectively monitor their own performance is limited.³
Interventions	<ul style="list-style-type: none">• Regions Group (part of the Department for Education) assess what action is necessary wherever an academy is judged as 'requires significant improvement' or 'special measures' by Ofsted or where financial mismanagement and/or governance failure is identified. Regions Group and the Education Skills and Funding Agency are provided information and agree on an approach to addressing underperformance. The department will take action in line with the funding agreement of the academy in question.• There are a range of interventions for underperforming academies including, leaders receiving up to 10 days of support from a system leader, performance plans, support from the Regional Schools Commissioner or academies being transferred to another MAT or sponsor.
Funding	<ul style="list-style-type: none">• Funding is provided through mainly "per pupil", national formulas, provided to MATs directly from the government as academies' General Annual Grant (GAG) funding. There may be additional grants that are paid automatically to eligible academies (e.g. free lunches, transport).• A master funding agreement with the MAT and supplemental funding agreements with each individual academy are signed by the Secretary of State for Education.• MATs can reallocate funding between academies and share staff and resources between academies. They have ultimate power to decide the way in which funding is retained for central services and distributed between each of its academies. Schools, staff and communities do not have rights to be consulted.

³ [Multi-academy trusts: benefits, challenges and functions report](#)

	<ul style="list-style-type: none"> Typically funding for central resources are financed through top slicing (each academy contributing based on a flat rate or formulae) or GAG pooling (pooling all academies' general annual grant (GAG) funding, using this to fund central services and distributing to academies based on trusts own views of each academies' needs). Trusts can apply for up to £25,000 to convert a council-run school to an academy, with larger amounts for sponsored academies.
Property	<ul style="list-style-type: none"> Land and buildings are typically owned by the local council or central government. Academy trusts typically pay a peppercorn rental but are responsible for maintenance and upgrades, for which they receive regular formula-based funding and may receive additional funding on application.
Levels of flexibility	<ul style="list-style-type: none"> MATs have flexibility over which functions they choose to centralise, and what they choose to delegate to LBGs or allow academies autonomy over. As some functions are centralised, academies in a MAT may have less flexibility compared to standalone academies. All academies must follow the same rules on admissions, special educational needs and exclusions as other state schools.
Application and approval process	<ul style="list-style-type: none"> Charitable trusts may apply to run a MAT by submitting an application to the Department for Education. Regions Group assesses applications for new schools, new free schools, or single academy trusts wanting to join an existing trust. They also assist in the transfer of academies between trusts. Regions Group considers a set range of factors when assessing applications to become an academy or for a MAT to be established. Applications for new academies are assessed against a set of published criteria, which reflect the Government's priorities for that round. Regions Group will then advise ministers, who make the final decisions on which applications to approve.