

Report: Charter Schools – Setting school and sponsor level requirements in a multi-school contract

To:	Hon David Seymour, Associate Minister of Education		
Cc:	Hon Erica Stanford, Minister of Education		
Date:	14/03/2025	Deadline:	21/03/2025
Security Level:	In-Confidence	Priority:	Medium
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Why are we sending this to you?

- This report provides you with advice on multi-school contracts and how various policy settings should be set. This will be at a sponsor level (i.e. applies to all schools within the contract), a school level (i.e. is school specific), or a combination of the two.

What action do we need, by when?

- We are seeking your decision on various questions relating to the policy settings for sponsors that wish to establish multi-school contracts.
- Please return the signed paper by 21 March 2025 so we can provide you with further advice on specific areas and progress the necessary legislative changes.

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. You have agreed to progress work to allow sponsors to have one contract covering the operation of multiple schools (multi-school contracts) (METIS 1343146 refers).
- We recommend a mixed model approach where the policy settings are partly set at a sponsor level and partly at an individual school level. Just as in the English multi-academy trust model, we recommend that the sponsor would still be the legal entity responsible for finance, property and employment matters. However, schools that are part of the multi-school contract would still be individually monitored by the Authorisation Board, Charter School Agency and the Education Review Office.
- Legislation changes will be progressed via the Education and Training (System Reform) Amendment Bill, which is planned to be enacted in August 2026. Policy decisions will be taken to Cabinet in August 2025.

Alignment with Government priorities

1. This report provides advice on potential enhancements to the charter school model, which is a government priority.

Background

2. You have agreed to progress work to allow sponsors to have one contract covering the operation of multiple charter schools (multi-school contracts) [METIS 1343146 refers]. As previously indicated, changes to legislation and the contract template will be needed to enable multi-school contracts.
3. This paper is the second in a suite of papers that discuss the policy settings relating to multi-school contracts as outlined in the table below. This paper only focusses on how the current legislative requirements would apply within the multi-school contract, specifically which requirements and responsibilities are set at a sponsor level and which are set at a school level. Papers three, four, five, and six will focus on additional legislative or contractual requirements needed within the multi-school contract provision.

Table 1: Series of papers on multi-school contracts

#	Title	Indicative dates
1	Initial advice on enabling one contract for multiple schools	27 February
2	Setting school and sponsor level requirements in a multi-school contract	14 March
3	Performance management within multi-school contracts	End of March
4	Governance and structure of entity under a multi-school contract	April
5	Implications of converting and new charter schools under the same multi-school contract	April
6	Additional contractual matters (e.g., funding)	June

4. The previous paper outlined various risks which we aim to partially address in this paper [METIS 1343146 refers]. In particular:
 - **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 at a school level.
 - **Greater impact on students if a sponsor is 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.

Key questions to consider

5. We recommend a multi-school contract include high-level requirements which are universal for all schools within the contract, and specific requirements that can differ for each school. This would provide clarity on the terms that apply to all schools while also creating flexibility for individual terms for each school, which will make it easier for the Authorisation Board to hold both the sponsor accountable for the overarching management of all schools and the performance of each individual school.
6. This paper will provide advice on how the policy settings (e.g. responsibilities and requirements) interact on a sponsor level (i.e. applies to all schools within the contract) and a school level (i.e. is school-specific).

7. This paper considers the following policy questions to determine how multi-school contracts would work in practice:
- **Approval process:** What would the approval process look like for an applicant wishing to open multiple schools, either an approval per school or one for all schools?
 - **Performance targets:** How are the performance targets set and measured, either on a sponsor or school level?
 - **Reporting requirements:** How are reporting requirements provided to the Charter School Agency and Authorisation board, either on a sponsor or school level?
 - **Interventions:** How would interventions apply in a multi-school context, particularly where one school may be performing worse than others?
 - **Calculation of funding:** How would the funding be calculated in a multi-school context, either on a sponsor or school level?
 - **Allocation of funding:** What are the minimum requirements on the allocation of the operating funding per school within the multi-school contract?
 - **Curriculum, qualification and distinguishing characteristic:** On what level is the curriculum, qualification and distinguishing characteristic set within a multi-school contract, either on a sponsor or school level?

High-level policy approach

8. To answer the questions described in paragraph 6, we consider that there are two or three options for each. The options we consider in this paper are:
- **Option 1:** The requirement is fully set at a sponsor level,
 - **Option 2:** The requirement is partly set at a sponsor level and partly at an individual school level (note this option is not applicable for all policy settings), and
 - **Option 3:** The requirement is fully set at an individual school level.



9. While the options at a high-level are similar, you may wish to vary your preferred approach per policy setting. To assess the various options per policy setting, we looked at the following criteria:
- High autonomy for a sponsor to organise and run its schools;
 - High flexibility to share resources to help achieve better outcomes for students;
 - High ability to manage performance on an individual school level;
 - Low administrative burden for the sponsor and the Charter School Agency; and
 - High flexibility for the Authorisation Board and Charter School Agency in setting up and monitoring charter schools.

We recommend a mixed-model approach, having some specific policy settings at sponsor and some at school level

10. For almost all policy settings we recommend a mixed-model approach where the policy settings are partly set at a sponsor level and partly at an individual school level. We recommend the approval process consists of a two-tier approval, first for the sponsor to be approved to have a multi-school contract and then for each school that they run. This method provides flexibility for the Authorisation Board to approve or decline a specific school or schools within the wider cluster of schools.
11. Just as in the English multi-academy trust model, we recommend that the sponsor still be the legal entity responsible for finance, property and employment matters. This will provide flexibility to the sponsor in using resources and enable the sharing of funding, staffing and property, creating efficiencies and economies of scale. We will provide you with further advice on any additional requirements of the structure of the entity as part of paper four.
12. As per section 212Q in the Education and Training Act 2020, a sponsor can already delegate most of its functions, duties, or powers under the Act to any person¹. This means that just as in the English model, the sponsor has flexibility over which functions they choose to centralise and what they choose to delegate to schools.
13. However, the Office for Standards in Education, Children's Services and Skills indicated that the multi-academy trusts within the English model are not being sufficiently monitored and that the focus is mainly on reviewing individual schools². Therefore, we recommend that some of the performance measures are lifted up and applied at sponsor level across all schools within the multi-school contract so that the Authorisation Board and Charter School Agency can build a holistic view of how the sponsor is performing.
14. At the same time, we consider it is appropriate that some measures remain at the school level so that individual school performance can still be assessed. This method helps ensure that both the sponsor and each of its schools are performing well as there will be specific reporting requirements, performance measures and interventions in respect of both.
15. It is also recommended to set specific governance requirements at both sponsor and school level which will provide additional safeguards to achieve high performance. Further advice on additional governance and management requirement will be provided in paper four.
16. We are not recommending a mixed-model approach for:
 - the calculation of funding, which we propose to be calculated per school as sponsors with a multi-school contract would otherwise receive less funding compared to other schools;
 - the allocation of funding, which we propose to be fully decided by a sponsor, as the charter school model is designed to give high flexibility in the way funding is being spent; and
 - the setting of teaching, curriculum and qualifications, which we propose to be decided per school within the approval process enabling the sponsor to either differentiate per school or take a common approach for all schools.
17. Table 2 explains the various options per policy setting in detail, including analysis and recommended option. We ask that you **indicate** your recommended option in this table.

¹ The exceptions being a Sponsor may not delegate its power to make school rules, its powers in respect of stand-down, suspension, exclusion or expulsion of students, or the power of delegation itself.

² Office for Standards in Education, Children's Services and Skills. (2019). [Multi-academy trusts: benefits, challenges and functions - GOV.UK](#).

Table 2: Options analysis per policy decision stating in green the recommended option

Policy decision	Option 1: Sponsor level focus	Option 2: Mixed approach	Option 3: School level	Preference
Approval process	A proposed sponsor would be approved by the Authorisation Board, including all its proposed schools. This option would lower the administrative burden of the Authorisation Board and Charter School Agency. It also enables a focus on the connections between the different schools. However, this option is not recommended as it decreases the flexibility of the Authorisation Board to approve or decline the establishment of each school that is part of the application. It could also decrease the ability of a sponsor to add another school at a later date.	A proposed sponsor would be approved in a two-tier process, which firstly includes the approval of the sponsor (including an overarching vision of the multiple schools) and then the approval of establishment of each school separately. If a sponsor wants to open another charter school at a later stage, the sponsor would be able to submit an additional shorter application. This option is recommended as the Authorisation Board can choose to decline establishment of some of the schools if it wishes. It enables the sponsor to outline overall vision, while providing specific information per school.	A proposed sponsor would only be approved for each proposed charter school separately which is the status quo. This option is not recommended as it would make it more difficult for the proposed sponsor to share its overarching vision for the group of schools within the application. It would also increase the administrative burden on both the Authorisation Board, Charter School Agency and the applicant.	Option 1 / Option 2 / Option 3
Performance targets	All performance targets would be set on a sponsor level, including attendance and student achievement. This is not recommended as minimum thresholds could not be set at school level, meaning the Charter School Agency and the Authorisation Board are unable to hold sponsors accountable for performance of individual schools as long as overall Sponsor targets are met.	Some minimum compliance and most financial performance targets would be assessed on a sponsor level, while the attendance, student achievement, most minimum compliance and some financial targets would be set and measured on a school level. This is recommended as it would provide clear expectations on a sponsor and a school level, and hold the sponsor to account in respect of each of its schools.	All performance targets would be set at a school level, including the minimum compliance and financial targets. This is not recommended as it does not enable the sponsor to be held accountable for the overarching direction of the schools (i.e. financially).	Option 1 / Option 2 / Option 3
Reporting requirements	All reporting requirements would be set at a sponsor level, including the annual self-audit report, daily attendance	The annual self-audit report and annual financial statements would include overarching reporting that is consistent	Reporting requirements would be fully at a school-by-school level. This is not recommended as it does not align with	Option 1 / Option 2 /

Policy decision	Option 1: Sponsor level focus	Option 2: Mixed approach	Option 3: School level	Preference
	reporting and annual financial statements. This option is not recommended as it will not enable the Authorisation Board to monitor what is happening on a school level.	for all schools with additional reporting that differs for each individual school. Daily attendance reporting is recommended to still be done at a school level. This is recommended as it enables the Charter School Agency to monitor both at a sponsor and school level. It also enables the sponsors to report the joined-up information, such as employment of staff or financing corporate functions.	the purpose of multi-school contracts which including sharing resources and having an overarching operating model. It will increase the administrative burden due to multiple reporting documents per sponsor and make it more difficult for the Authorisation Board to assess the performance of the entire sponsor.	Option 3
Interventions	If the Authorisation Board uses an intervention in a multi-school contract, the intervention would impact all schools within the contract. For example, if underperforming, the Authorisation Board could only terminate the entire contract with a sponsor. This option is not recommended as it limits the flexibility for the Authorisation Board to intervene in respect of one specific school if only one of the schools is underperforming.	Interventions are able to be used both on a school and on a sponsor level. The serious interventions would in this case include the Authorisation Board either terminating the entire contract, replacing the sponsor for the entire contract or just one school, or closing one specific school within the contract. This option is recommended as the Authorisation Board has more flexibility in the way they intervene.	Interventions will only be able to be used on a school level. This is not recommended as it makes it more difficult for the Authorisation Board to hold the sponsors accountable making the process to intervene inefficient when all schools are systematically underperforming.	Option 1 / Option 2 / Option 3
Calculation of funding	Funding would be calculated per sponsor. This is not recommended as it means that the total amount of funding provided could be lower than a sponsor with a single school contract. The funding rate for charter schools are higher for the first 100 or 200 students (depending on the type of school), meaning that this option would decrease the funding as more students would be funded at a lower rate. Additionally, this option would make it more difficult to fund some targeted funding such as isolation and equity funding as these are calculated on a school level index.		In this option funding would be calculated per school. This is recommended as it means that the total amount of funding provided would be the same as a sponsor with a single school contract. Bespoke funding, such as isolation and equity funding, will be easier to calculate as some schools may not be eligible for these funding streams.	Option 1 / Option 3

Policy decision	Option 1: Sponsor level focus	Option 2: Mixed approach	Option 3: School level	Preference
Allocation of funding	Funding in respect of all schools would be allocated to the sponsor, who has responsibility for deciding how much funding each school receives. This is recommended as it gives sponsor flexibility to combine resources to create efficiencies and via economies of scale. If you agree, we will provide you with specific advice on the implications of targeted funding including learning support and capital funding for Ministry-owned property and any other targeted resources.	Operating funding would be allocated to the sponsor with a minimum requirement of expenditure for each school based on roll, equity index and isolation index. This is not recommended as it will create complexities of setting the minimum requirement. Additionally, it would decrease the autonomy and flexibility a sponsor has in funding expenditure.	A fixed amount of funding must be spent on each school based on the funding calculations. This is not recommended as it would limit the flexibility a sponsor has to allocate funding based on needs. It also means that it will be more difficult to combine corporate services which decreases the opportunity for efficiencies and economies of scale.	Option 1 / Option 2 / Option 3
Teaching, curriculum and qualifications	A requirement in the application process could include all schools within the contract must have the same curriculum, qualification, length of school days/terms and distinguishing characteristic. This is not recommended as it decreases the flexibility of sponsor to diversify its type of provision per school. This option is also not aligned with current legislation which states that the character of a charter school cannot change when a school converts.	A requirement could include that some settings, either curriculum, qualification, length of school days/terms and distinguishing characteristic, are set at a sponsor level and some at a school level. For example, the distinguishing characteristics have to be the same, while the curriculum and/or qualifications can differ per school. This option is not recommended as it will limit the sponsor's flexibility and may reduce variation of type of schools within the system.	The curriculum, qualification, length of school days/terms and distinguishing characteristic can vary by school as long as it has been agreed as part of the contract. This option is recommended as it increases flexibility by enabling sponsors to provide different provision at each school, which may increase innovation and parent choice. At the same time, the sponsor still has the opportunity to decide that each school has the same provision (for example, same curriculum or qualification) if it wishes to. Note that having schools with different distinguishing characteristics may increase the complexity for the sponsor to manage the different needs of each school.	Option 1 / Option 2 / Option 3

Performance targets

18. If you agree in table 2 with the recommended option of a mixed model approach for performance targets, we recommend the following split between which minimum compliance and financial performance will be measured at a sponsor and school level (see table 3). This is recommended as it ensures that the sponsor has full flexibility in financial expenditure, staffing and property, while also ensuring that the sponsor obliges with requirements that can vary per school such as student enrolment, transport provision and opening hours. In some instances we are recommending that the sponsor would report at both the school level and across all schools (e.g., for operating surplus).

Table 3: Split between performance targets measured on sponsor and school level

Sponsor level	School level
Minimum compliance requirements	
<ul style="list-style-type: none"> Insurance Other contractual and legislative obligations 	<ul style="list-style-type: none"> Student enrolment School day, hours, and term date Transport provision requirements Compliance within property requirements Student wellbeing and child protection Minimum of 75% certificated teachers Other contractual and legislative obligations
Financial performance measures	
<ul style="list-style-type: none"> Operating surplus Working capital ratio Debt/equity ratio Operating cash 	<ul style="list-style-type: none"> Enrolment variance Operating surplus
Financial assurance requirements	
<ul style="list-style-type: none"> Financial plans and forecasts Notify if failed to pay any debt Contractual obligations be discharged before profit or dividends can be used at the sponsors discretion Notify when any source of anticipated funding on which the ongoing viability of the sponsor or schools is dependent will not be available Appropriate policy for sensitive expenditure in place 	<ul style="list-style-type: none"> Financial plans and forecasts Notify when any source of anticipated funding on which the ongoing viability of the sponsor or schools is dependent will not be available
Student outcome targets	
	<ul style="list-style-type: none"> Student achievement Attendance

Next Steps

19. Based on your decisions, we will provide you with further advice on:
- **Paper 3:** Performance management within multi-school contracts, including using multi-school contracts as an intervention for underperforming schools, and additional reporting requirements, performance targets and interventions specifically for multi-school contracts.
 - **Paper 4:** Governance and structure of entity under a multi-school contract, including specific requirements for the sponsor, and additional requirements to create safeguards.
 - **Paper 5:** Implication of converting and new charter schools under the same multi-school contract, including a sponsor having different property arrangements, and the implications on staffing transferring on no less favourable terms overall.
 - **Paper 6:** Additional contractual matters including additional funding requirements and the process of closing one school within a multi-school contract.
20. Any legislative changes will be progressed via the Education and Training (System Reform 9(2)(f) Amendment Bill. You have indicated you would like to undertake targeted consultation. This will happen in May and June once all policy decisions have been made. The targeted consultation will be combined with targeted consultation on the charter school reversion policy changes [METIS 1342784 refers], which we will develop a discussion document for.
21. After providing a report back on the consultation, policy decisions will be made by Cabinet at the same time as the other policy changes that are included in the Education and Training (System Reform 9(2)(f) Amendment Bill. This will take place early August 2025. See table 4 for a detailed timeframe for the Bill.

Table 4: Estimated timeframes for the Bill

Milestone	Estimated date
Providing detailed policy advice	March – May 2025
Public consultation	May – June 2025
Cabinet approval for policy decisions	Early 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. **agree** that multi-school contracts include both high-level requirements which are universal for all schools within the contract and bespoke requirements that can differ for each school
Agree / Disagree
- b. **agree** that the sponsor in a multi-school contract remains the legal entity which is responsible for finance, property, employment of staff and any other legislative responsibilities as per the legislation
Agree / Disagree
- c. **note** that, as per section 212Q in the Education and Training Act 2020, a sponsor can delegate most of its functions, duties, or powers under this Act to any person
Noted
- d. **agree** that each school under a multi-school contract is both individually and jointly monitored on its performance by the Authorisation Board and Charter School Agency
Agree / Disagree
- e. **indicate** in table 2 which of the options you want to progress as part of the multi-school contracts policy work
Indicated
- f. if you agree with the recommended option in table 2 relating to performance targets (option 2 – mixed approach), **agree** with the split between performance targets measured on sponsor and school level as outlined in table 3
Agree / Disagree
- g. **note** that any changes needed to that Education and Training Act 2020 will be progressed as part of Education and Training (System Reform ^{9(2)(f)(iv)}) Amendment Bill, which is planned to be enacted in August 2026
Noted
- h. **agree** that the Ministry of Education release this paper once final 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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14/03/2025


Hon David Seymour
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23/3/25.