



## Report: Charter schools – Specific requirements for multi-school contracts

To:	Hon David Seymour, Associate Minister of Education		
Cc:	Hon Erica Stanford, Minister of Education		
Date:	9/05/2025	Deadline:	16/05/2025
Security Level:	In-Confidence	Priority:	Medium
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### Why are we sending this to you?

- This report provides advice on additional legislative and contractual requirements for when a sponsor holds a multi-school contract.

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

- We are seeking your decisions on specific requirements for multi-school contracts.
- Please return the signed paper by 16 May.

### Key facts, issues and questions

- You have agreed to progress work to allow sponsors to have one contract covering the operation of multiple charter schools (multi-school contracts) [1343146 refers].
- In general, the current legislative and contractual framework would apply to multi-school contracts. We recommend including a small number of additional requirements for multi-school contracts, to recognise the different way these schools will operate compared to schools operating on a single school contract. The additional requirements relate to the approval of sponsors, the sponsor's duties, performance management, and interventions.
- The suggested additional requirements build off the requirements that already exist for individual school contracts. They have been designed to help achieve the benefits of allowing sponsors to operate multiple charter schools under one contract, including lifting performance of the system and creating efficiency gains across networks through shared resource. They also aim to mitigate risks of a multi-school contract including less flexibility of an individual school and greater impact if a sponsor is performing poorly.
- The Education and Training (System Reform 9(2)(f)(iv) Amendment Bill is the next legislative vehicle. It is now on a shorter timeframe and restricted in the number of clauses it can include. We recommend you discuss including the charter school proposals in this Bill with Minister Stanford, who is lead Minister.

## 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, including legislative change, to allow sponsors to have one contract covering the operation of multiple charter schools (multi-school contracts) [METIS 1343146 refers].
3. This paper is the third paper in a suite of papers that discuss the policy settings relating to multi-school contracts as outlined in the table below. Papers four and five outlined below will focus on additional contractual requirements needed for multi-school contract provision.

*Table 1: Series of papers on multi-school contracts<sup>1</sup>*

	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	Specific requirements for multi-school contracts	9 May
4	Implications of converting and new charter schools under the same multi-school contract	May
5	Additional contractual matters (e.g. funding)	June

4. Paper two [METIS 1344104] outlined how the current policy settings would apply for a sponsor with a multi-school contract. This paper provides advice on additional requirements for multi-school contracts including:
  - considerations and process to approve sponsors,
  - duties of the sponsor in relation to some governance matters,
  - reporting and performance, and
  - how performance interventions apply.
5. The suggested additional requirements outlined in this paper have been designed to help:
  - achieve the benefits of allowing sponsors to operate multiple charter schools under one contract, including lifting performance of the system and creating efficiency gains across networks through shared resource, and
  - mitigate risks including multi-school contracts having less flexibility than an individual school contract and the greater impact if a sponsor is performing poorly.
6. Our recommendations in this paper build off the existing requirements for individual school contracts that already exist. We have focused on identifying areas that could be strengthened by adding a small number of additional requirements, to achieve the objectives above, without placing undue administrative burden on sponsors, the Authorisation Board or the Charter School Agency (CSA), or limiting flexibility.

## Additional requirements for approving sponsors

7. Under Section 212I of the Education and Training Act 2020 (the Act), the Authorisation Board may approve a sponsor to operate a charter school if satisfied that the proposed sponsor and every governing member of the proposed sponsor are fit and proper persons.

<sup>1</sup> Note that previously we have indicated to have six papers. After further analysis, we have decided to combine the paper about performance management and additional requirements together.



When deciding whether to approve a proposed sponsor, the Authorisation Board must also take into account the various factors listed in section 212I(2) and seek the views of the Secretary for Education and the Chief Review Officer.

8. You have previously agreed that, for multi-school contracts [METIS 1344104 refers]:
  - 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, and
  - if a sponsor is already operating a charter school and wants to open another charter school at a later stage, the sponsor would be able to submit an additional shorter application, limited to the approval of the new school.
9. To achieve the benefits and mitigate risks of a multi-school contract, we recommend two additional factors to be taken into account by the Authorisation Board when approving a sponsor to operate a multi-school contract:
  - **The overall operating model of the cluster of schools including how the sponsor intends to share resources:** Sharing of resources, such as funding, staffing, teaching material and property, is a key benefit of the multi-school contract model. Considering how the sponsor will operate and share resources as part of the application process will help determine the suitability of the sponsor to achieve benefits such as create efficiency gains, reduce duplication, and lead to better economies of scale within the schooling network.
  - **If applicable, the performance of the school that the sponsor currently is contracted for:** This factor will only apply to sponsors who are already operating a charter school and who apply to establish another school or where a school is added to their contract using the intervention framework. This will help reduce the chance of a sponsor being approved as a multi-school sponsor if its current charter school is not performing well. Sponsors with a well performing school becoming a multi-school sponsor can help further lift the performance of newly established schools by sharing learning and resources.
10. If you agree, these will be added to the legislative requirements in the Act.

### **We recommend that the notice in the Gazette include if the school is part of multi-school contract**

11. Section 212M of the Act provides that the Minister must, by notice in the Gazette, notify the establishment of a charter school as soon as practicable after the date on which the Agency and the sponsor enter into a charter school contract for the school. The legislation lists various matters the notice must specify.
12. We recommend that the notice must also specify whether the school is part of a multi-school contract. This will provide clarity and transparency on which sponsors the specific multi-school contract legislative provisions apply to, including those in this paper and previous papers.

### **Additional duties of the sponsor**

13. Section 212O of the Act specifies the duties of a sponsor. We recommend developing additional duties for sponsors that govern multiple schools under one contract which would help ensure sponsors are managing their charter schools well.

### **We recommend requiring one chief executive for all charter schools within a multi-school contract**

14. As currently required in section 212O(d), one of the duties of a sponsor is to appoint:
  - a chief executive to be responsible for the day-to-day management of the school, and
  - a person to be the person responsible overall for teaching and learning at the school who is appropriately qualified and holds a current practising certificate.
15. In the case of a multi-school contract, we recommend this duty is slightly amended so that the sponsor must appoint:
  - one chief executive to be responsible for the day-to-day management of all schools within the contract, and
  - for each school a person responsible for overall teaching and learning at the school who is appropriately qualified and holds a current practising certificate.
16. The intention of the multi-school contracting approach is for schools within the one contract to be operating as one organisation, through sharing of resourcing, some shared services etc. We therefore think it is appropriate that there is one chief executive across the organisation, and so are recommending this legislative change for multi-school contracts.
17. This change would provide minimum management requirements both on a sponsor and a school level. It will help enable the various schools within the contract to work collectively while also ensuring the right educational support is provided to each school. The change would still provide the sponsor with flexibility to determine what leadership structure is needed based on its operating model (e.g. a sponsor with multiple large schools may wish to appoint deputy chief executives to undertake the day-to-day management of each school) but would limit them to one chief executive role.

### **We recommend including a duty of the sponsor to ensure that all schools covered by the contract receive a fair and reasonable amount of resources**

18. You have previously agreed that funding in respect of all schools would be allocated to the sponsor, who has responsibility for deciding how much funding each school receives, while funding is still calculated at a school level [METIS 1344104 refers]. This was recommended as it gives sponsors flexibility to combine resources to create efficiencies and economies of scale. However, we noted the risk that it may have implications to any targeted resources, such as funding for socioeconomic barriers or school isolation which may differ across schools within a multi-school contract.
19. We, therefore, recommend adding a duty on sponsors in legislation to ensure that all schools covered by the contract receive a fair and reasonable amount of resources to achieve the performance outcomes outlined in the contract. This duty helps ensure the sponsor considers factors that have been used when calculating the school-level funding (e.g. equity index, isolation index and roll size), while still giving it full flexibility in the specific distribution of funding.

### **Additional reporting and performance requirements**

20. Section 212L of the Act includes what needs to be in the charter school contract and lays the legislative foundation for the performance management framework. The framework is a key component of the charter school model as it provides high accountability alongside the high level of flexibility sponsors have to meet the needs of their students. It includes:
  - **reporting requirements** which are partly set out in legislation (section 212L(5) of the Act) and partly in the sponsor's contracts, and
  - **performance targets and outcomes** which must be set out in the contract (section 212L(5) of the Act).



21. You previously indicated your preference for a mixed approach of performance management policy settings for multi-school contracts. Some performance targets, reporting and interventions will be set at the sponsor level and some at the individual school level [METIS 1344104 refers]. Annex 1 shows the split you agreed for performance targets and measures that apply to the sponsor, and those that apply at an individual school level. We are also recommending a small number of additional requirements for sponsors of multi-school contracts, detailed below. Any of the proposals you agree to below would be reflected in contracts.

**We recommend setting additional minimum compliance and financial reporting measures to better enable performance improvement**

22. While the current legislation relating to performance management in charter schools would apply to multi-school contracts, we recommend introducing a small number of additional performance management requirements suitable for multi-school operating environments. The proposed new multi-school contracting arrangements create even more flexibility for sponsors, they will be able to use funding across schools and will be able to set up centralised functions that all schools within the contract will have access to. Increased flexibility of sponsors with multi-school contracts may increase risk [METIS 1343146 refers].
23. The additional performance requirements will mainly build on existing requirements, meaning they will not reduce flexibility for sponsors while further improving accountability. We do not consider the additional requirements create undue burden, when balanced against the benefits of multi-school contracting and the additional flexibility the model provides sponsors.
24. We seek your agreement to include the following performance management requirements specifically for sponsors of multi-school contracts:
- **New standard minimum compliance measure:** Requires sponsors to show they have a plan in place that outlines its operating model and how it intends for the schools within its contract to work together.
  - **Supplementary reporting at the sponsor level for financial performance** submitted as part of current requirements:
    - reporting on the percentage of overall funding that is allocated to schools, and the percentage of funding retained for central services; and
    - reporting on how funding is being distributed to individual schools within the contract.

**We recommend requiring sponsors of multi-school contracts to have a plan in place that outlines its operating model and how schools will work together**

25. We recommend requiring sponsors of multi-school contracts to show they have a plan in place that outlines its operating model and how it intends for schools within the contract to work together (e.g., the sharing of funding, staffing, development of curriculum resources and property). This would be a new standard minimum requirement, specific to multi-school contracts. Plans would be completed by sponsors once at the commencement of the multi-school contract and then updated as necessary. For example, when there is a significant change such as a new school entering the contract.
26. A planning requirement for sponsors of multi-school contract is aimed at ensuring effective contract management. This is important as sponsors will have increased ease and flexibility to share resources across their schools (e.g., funding, property, staff). Planning requirements will also provide assurance that the sponsor is capable of effectively governing all its schools. If a sponsor is incapable of governing all its schools, there is an increased risk of poor outcomes for students at multiple schools. This could impact more students than where sponsors are only responsible for one school.



27. This proposed new minimum compliance measure aligns with the new requirement we have recommended above, for the Authorisation Board to consider the overall operating model of the cluster of schools including how the sponsor intends to share resources, during the approval process. This requirement would be more detailed and would require ongoing review but would build off the information the sponsor provides in their application.
28. The CSA already requires sponsors to provide details of the steps and processes they will adopt and implement to ensure that it complies with its performance plan. The planning requirement recommended above could be implemented as an extension of these existing requirements for multi-school contracts.

### **We recommend supplementary reporting at the sponsor level for financial performance**

29. We recommend sponsors with multi-school contracts have supplementary financial reporting requirements that build off existing requirements for individual school contracts. You previously agreed that sponsors will have responsibility for determining the amount of funding to be provided to each school and the amount to be retained for central services (excluding learning support and capital funding for Ministry-owned property and any other targeted resources) [METIS 1344104 refers].
30. The recommended reporting requirements are aimed at providing transparency over these decisions, to support monitoring by the CSA and Authorisation Board. This would allow for identification of instances where sponsors are not effectively providing resourcing across schools and where this may be impacting student outcomes and require possible intervention. The requirements will also be consistent with other publicly funded organisations (e.g., financial reporting requirements for shared resourcing across State schools and Tertiary Education Institutes) which will provide further assurance of sponsor and schools' financial performance and management.
31. The additional reporting would be included within the annual financial statement required by section 212S of the Act, and the budget/forecasts required in contracts. Using current mechanisms in place minimises the administrative burden for both sponsors and the CSA. These reporting requirements will be managed via the contract meaning the CSA will ensure the budgets/forecasts and the financial reporting have the necessary information (e.g., school-level resourcing info, central administration).

### **We do not recommend any additional performance targets and reporting requirements at the school level**

32. We consider the school level performance targets and reporting requirements you have already agreed to [METIS 1344104 refers] will allow individual school performance to be assessed and provide oversight and accountability of schools in multi-school contracts. There may be a need for additional property reporting requirements at the school level, particularly around property maintenance funding and expenditure for schools in Ministry owned property. We will provide advice on property related matters in paper four<sup>2</sup>.

## **Additional performance interventions**

33. Section 212ZF of the Act specifies the interventions that the Authorisation Board can use when a sponsor is not meeting its legislative or contractual obligations. This section also includes the triggers for intervention.
34. You previously agreed that interventions be used both on a school level and a sponsor level for multi-school contracts [METIS 1344104 refers]. Under current legislation, low-level

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<sup>2</sup> Implications of converting and new charter schools under the same multi-school contract



interventions could be used on a school level; however, more serious interventions would affect the entire multi-school contract (and can only be applied on the sponsor level).

35. The more serious interventions include the Authorisation Board either:

- terminating the entire contract (section 212ZF(1)(d)), or
- terminating the entire contract and replacing the sponsor (section 212ZF(1)(e)).

**We recommend various additional interventions to be used for one specific school within a multi-school contract**

36. We recommend introducing new school-level interventions for multi-school contracts which mirror the more serious interventions above. This will give the Authorisation Board more flexibility in the way it can intervene in instances where individual schools within a multi-school contract face significant performance issues in isolation. Other schools within the contract could remain operating as normal. The additional interventions would include:

- removal of a school from a multi-school contract and the closing of this school, and
- removal of a school from a multi-school contract and replacement of the sponsor.

37. A new provision would need to be added to existing legislation to allow for both interventions. Alternatively, you may choose to maintain the status quo and if a serious intervention is placed on a sponsor of a multi-school contract, all schools will be affected.

38. We consider the current interventions which are set out in section 212ZF of the Act would continue to apply at the sponsor level, should the Authorisation Board wish to use them (e.g., to terminate a contract covering multiple school in its entirety, if there were circumstances that warranted this). These interventions provide the Authorisation Board a clear, responsive, and flexible range of interventions.

**We recommend applying the same triggers as in section 212ZF of the Act**

39. If you choose to legislate additional school level interventions for multi-school contracts, we recommend the same triggers already in section 212ZF of the Act apply, which are that the Authorisation Board must have reasonable grounds to believe either that:

- the sponsor has failed to comply with any of its contractual obligations or legislative obligations in respect of the charter school, and has not remedied the failure within a reasonable time or the failure cannot be remedied, or
- a significant risk exists that the sponsor will fail to comply with any of its contractual or legislative obligations and the Sponsor is unlikely to mitigate that risk within a reasonable time.

26. We also recommend that, if the Authorisation Board proposes to replace a sponsor of an individual school within a multi-school contract, the same consultation requirements as per section 212ZF(6) apply. This would mean the Authorisation Board must consult with the sponsor, school community, school staff, students, and any other person they think fit. This will align the requirements for replacing a sponsor of an individual school contract and schools within a multi-school contract.

27. We consider that consultation in these circumstances is important. There could be mixed views from the community on replacement of a sponsor. Some parents and caregivers may not support the change if they do not feel aligned with the character of the other schools under the new sponsor's contract.

**Replacing a sponsor of an individual school within a multi-school contract may have implications for property, resourcing and staffing arrangements.**

40. If the Authorisation Board decides to replace the sponsor of an individual school within a multi-school contract, this may have implications for property, resourcing and staffing

arrangements for both the old and new sponsors. The amount of funding the sponsor receives will decrease as funding will follow the student (so, by extension, follows the school).

41. While the legislation does not set out any transitional arrangements when a sponsor is replaced, the current contract template does. These clauses as described in the contractual arrangements will help enable a seamless transition between the new and the old sponsor of the charter school. This includes that:
  - the sponsor must use **reasonable endeavours** to ensure that the transfer or closure of the charter school is orderly and efficient and minimises any impacts on students and staff,
  - if a sponsor owns the **school property** for the charter school, the sponsor will, at the CSA's request, enter into a lease with the Crown or a newly appointed or replacement sponsor on reasonable market terms;
  - the sponsor must return to the CSA any **funding** which:
    - relates to the operation of the charter school after effective date of termination; and
    - has not been spent by the sponsor as at the expiry date or effective date of termination, and
  - the sponsor must return to the CSA all **assets** (if and to the extent requested by the CSA) acquired or developed by the sponsor during the term of the agreement using the funding received.
42. Further consideration is needed to determine the impact on staff when replacing the sponsor of an individual school within a multi-school contract. As the sponsor is the employer, the employees will not automatically transfer to the new sponsor. It will be up to the current sponsor to initiate a restructure and redundancy process, and the new sponsor will need to initiate a recruitment process to hire sufficient staff to educate the students at the transferred school. The absence of transitional arrangements for staff when the sponsor is replaced may create some disruption.

## Next Steps

43. The next vehicle for progressing legislative change is the Education and Training (System Reform 9(2)(f) Amendment Bill (ERE<sup>1</sup>). This Bill will be led by the Minister of Education and progresses the Minister's education system reform priorities. The inclusion of charter school policy change would increase the size and complexity of the Bill and may impact the planned timing for drafting and introduction.
44. We recommend that Ministers urgently discuss the inclusion of charter school legislative amendments in this Bill. If this is not able to be included in ERE<sup>1</sup>, it will need to be progressed in a later Bill and will not be able to be enacted prior to January 2027.
45. Once decisions have been made and you have confirmed if these proposals will progress via ERE<sup>1</sup>, we will start drafting a Cabinet paper to get agreement on policy decisions. We will provide you a detailed timeline once it is decided which Bill these changes will be included.



## Recommended Actions

The Ministry of Education recommends you:

- a. **agree** that the Authorisation Board must take into account the following additional factors when approving a sponsor that wants to operate multiple schools under one contract:
- i. the overall operating model of the schools including how the sponsor intends to share resources between them, and **Agree / Disagree**
  - ii. if applicable, the performance of the school that the sponsor is currently contracted to operate. **Agree / Disagree**
- b. **agree** that when notifying that a charter school has been established, the notice in the Gazette must include whether the school is part of multi-school contract. **Agree / Disagree**
- c. **agree** that the sponsor of a multi-school contract must appoint:
- i. only one chief executive to be responsible for the day-to-day management of all schools within the contract, and
  - ii. for each school within the multi-school contract, a person to be responsible for overall teaching and learning at the school who is appropriately qualified and holds a current practising certificate. **Agree / Disagree**
- d. **agree** that a duty of the Sponsor is to ensure that all schools under a multi-school contract receive a fair and reasonable amount resources to achieve the performance outcomes outlined in the contract. *They should be measured by their outcomes.* **Agree / Disagree**
- e. **agree** a new standard minimum compliance requirement for sponsors with a multi-school contract, which requires sponsors to have a plan in place that outlines their operating model including how they intend for schools within their contracts to work together and share resources. *This is intended to the sponsor.* **Agree / Disagree**
- f. **agree** that the following supplementary financial reporting requirements will be included in the multi-school contract of sponsors:
- i. the percentage of overall funding allocated to schools, and funding retained for central services, and **Agree / Disagree**
  - ii. how funding is being distributed to individual schools. **Agree / Disagree**
- g. **agree** to include the following interventions in legislation that only apply to sponsors of a multi-school contract:
- i. removal of a school from a multi-school contract and closing the school, and **Agree / Disagree**
  - ii. replacement of the sponsor and removal of the school from the original Sponsor's multi-school contract. **Agree / Disagree**

- h. if you agree with recommendation (g), **agree** to apply the same triggers as outlined in section 212ZF of that Act for these additional interventions.

**Agree / Disagree**

- i. note that the changes proposed in recommendations (a) to (d), (g) and (h) require legislative change, while the changes proposed in recommendations (e) and (f) would be implemented through the contract with sponsors.

**Noted**

**Proactive Release:**

- j. **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**



Alanna Sullivan-Vaughan  
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**Te Pou Kaupapahere**

09/05/2025



Hon David Seymour  
**Associate Minister of Education**

11/5/25



## Annex 1 – Performance targets at the sponsor level and school level

Table 1: Split between performance targets measured on sponsor and school level

Sponsor level	School level
<b>Minimum compliance requirements</b>	
<ul style="list-style-type: none"> <li>Insurance</li> <li>Other contractual and legislative obligations</li> </ul>	<ul style="list-style-type: none"> <li>Student enrolment</li> <li>School day, hours, and term date</li> <li>Transport provision requirements</li> <li>Compliance within property requirements</li> <li>Student wellbeing and child protection</li> <li>Minimum of 75% certificated teachers</li> <li>Other contractual and legislative obligations</li> </ul>
<b>Financial performance measures</b>	
<ul style="list-style-type: none"> <li>Operating surplus</li> <li>Working capital ratio</li> <li>Debt/equity ratio</li> <li>Operating cash</li> </ul>	<ul style="list-style-type: none"> <li>Enrolment variance</li> <li>Operating surplus</li> </ul>
<b>Financial assurance requirements</b>	
<ul style="list-style-type: none"> <li>Financial plans and forecasts</li> <li>Notify if failed to pay any debt</li> <li>Contractual obligations be discharged before profit or dividends can be used at the sponsors discretion</li> <li>Notify when any source of anticipated funding on which the ongoing viability of the sponsor or schools is dependent will not be available</li> <li>Appropriate policy for sensitive expenditure in place</li> </ul>	<ul style="list-style-type: none"> <li>Financial plans and forecasts</li> <li>Notify when any source of anticipated funding on which the ongoing viability of the sponsor or schools is dependent will not be available</li> </ul>
<b>Student outcome targets</b>	
	<ul style="list-style-type: none"> <li>Student achievement</li> <li>Attendance</li> </ul>
<b>Interventions</b>	
<ul style="list-style-type: none"> <li>Require Chief Review Officer to review the governance and management of the charter school by the sponsor</li> <li>Require the sponsor to provide specific information to the Authorisation Board</li> <li>Require the sponsor to carry out an action (and) provide a report of the action taken</li> <li>Termination of the charter school contract with a sponsor</li> <li>Termination of the charter school contract with a sponsor and replace the sponsor with another sponsor</li> </ul>	<ul style="list-style-type: none"> <li>Require Chief Review Officer to review the governance and management of the charter school by the sponsor</li> <li>Require the sponsor to provide specific information to the Authorisation Board</li> <li>Require the sponsor to carry out an action (and) provide a report of the action taken</li> </ul>