Proposal to establish a designated character school (providing education for students with additional learning needs) in Taupo

To: Hon Chris Hipkins, Minister of Education

Date: 7 May 2019

Security Level: In Confidence

Drafter: Hana Crengle

Key Contact: Ezra Schuster

Messaging seen by Communications team: N/A

Priority: Medium

METIS No: 1178312

DDI: s 9(2)(a)

Purpose of Report

The purpose of this report is for you to decide on whether to consult, under section 157 of the Education Act 1989 (the Act), on the possible establishment of a proposed designated character school in Taupo. If it is established, it is proposed the school would provide education for students that require learning support.

Our assessment of the proposed school is that it does not meet the criteria of section 156(4) of the Act for designation as a designated character school.

Summary

1. On 8 November 2018, the Ministry’s Rotorua office received an application from ADDI Enrichment Academy Ltd, seeking establishment of a designated character school in Taupo.

2. Analysis of the application concludes that it does not meet the criteria set out in section 156 of the Act for establishment of a designated character school. This is because an inclusive education for low and moderate needs students with diagnosed medical conditions is available in existing provision by state schools. Policy settings for these students encourage inclusive provision that provides access to local schooling settings alongside their siblings and community. The current profile of learning support in Taupo shows diversity with a majority of students needing learning support included in ordinary classroom settings.
3. Although ADDI’s application focuses on students whose needs fall between low and moderate needs, since it opened as a private school ADDI has enrolled a majority of students who have ORS funding on the basis of high or very high needs. We project that the school intends to continue to attract a significant percentage of ORS-funded students if established as a state designated character school. We have noted that the proposed maximum size of the new school (50) is likely to make it difficult for the school to be financially sustainable unless most of the 50 students are ORS-funded so as to attract additional funding.

4. As at March 2019 there were 71 ORS-funded students across the Taupo District. These students are able to access education in integrated classes in 16 schools, or enrol in two dedicated learning support settings (units) run by Tauhara College and Kea Street Specialist School. The latter provides an existing specialist school presence in Taupo, via the unit hosted at Mountview (Primary) School.

5. Some of the students the private school has enrolled are reported to have improved their attendance and engagement with schooling since going to ADDI. The profile of ADDI’s new students in 2019 shows re-engagement in schooling after s 9(2)(a).

6. For students who are unsettled in schools or struggling to meet behaviour expectations, ADDI has proposed short-term enrolments to “settle” the students behaviourally before they re-enrol in their original school. ADDI has suggested they will continue these types of enrolments if established as a state designated character school. ADDI is supported by one or more state schools in Taupō who find their services of value to these students’ ability to cope in the mainstream schooling environment. The Infant, Child and Adolescent Mental Health service has recommended at least one enrolment in ADDI.

7. To date, ADDI has drawn its existing students from other Taupo schools where they were, in the majority, enrolled in integrated settings within standard classes, and either ORS-resourced or seeking such resourcing. ADDI has enrolled 25 students in total since August 2016, 22 of whom were previously enrolled in other Taupo schools. Rolls at the two dedicated unit settings at Tauhara College and Mountview (Kea St Specialist School unit) have reduced since the opening of ADDI, but most are natural transitions (e.g., end of schooling) rather than transfer to ADDI. Since 2016, there have been seven leavers from ADDI with an average length of enrolment of seven months each. Of these leavers, six returned to schools in Taupo, and one is now home schooled.

8. If established as a state designated character school, ADDI would need to continue to draw the majority of its students from existing Taupo schools, with the potential to impact state schools’ learning support numbers. Taupo District is not an area of high population growth in the 5-15 year horizon. Current infrastructure planning suggests we will be able to accommodate the children in the District in existing schools and will not need a new school for the foreseeable future.

9. Although the Taupo township school network is near or at capacity, this is projected to ease in the medium term. It is being managed in the short term by use of enrolment schemes and the allocation of roll growth classrooms to four schools. This should ensure there is sufficient space in the existing network of schools for students with additional learning needs. Capacity is available in the two existing providers of unit-based education to ORS students.
10. In Taupo the Kāhui Ako’s focus is on students with additional needs and the Learning Support Pilot.

11. The networked approach to provision of learning support through the Learning Support Delivery Model will encourage communities to take opportunities to identify needs and share resources across schools and kura, special schools and satellites, and at-risk and learning support facilities. This approach supports a range of options and settings to meet the needs of children and young people, wherever possible taking into account, and building on, the current network and practices.

12. The further implementation of the Learning Support Delivery Model this year, and the introduction of the Learning Support Coordinator role in schools from 2020, will continue to support schools that have students with learning support needs.

13. If after considering this report you wish to progress to consultation this will be undertaken on your behalf (under section 157 of the Act). Consultation is not required if you decide to decline the application, which you may do at your absolute discretion.

Recommended Actions

The Ministry of Education recommends you:

a. note that ADDI Enrichment Academy Limited (ADDI) has applied for the establishment of a designated character school in Taupo. It is proposed that it provide education to students with medical diagnoses and additional educational and support needs;

   Noted

b. note that the Ministry’s assessment is that the proposed school does not meet the criteria for designation as a designated character school set out in section 156(4) of the Education Act 1989 (the Act);

   Noted

c. note that there is provision for these students in the state schooling system;

   Noted

d. note that the proposed school would need to enrol students in existing state schools as Taupo is not an area of high population growth over the next 5-15 years, and the proposed student community can be accommodated within existing schools;

   Noted

   EITHER (recommended)

e. decline to establish the proposed school as a designated character school;

   Agree / Disagree
OR (not recommended)

f. agree that consultation under section 157 of the Act about the possible establishment of the proposed school as a designated character be initiated;
   
   Agree/Disagree

AND

g. sign the relevant attached letter to ADDI;

h. note that if you decide to pursue consultation on establishment of the proposed school we will conduct this on your behalf and prepare further advice on possible establishment of the school; and
   
   Noted

i. agree that this report be proactively released once a final decision is made. Any information that might need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

   Release/Not release

Katrina Casey
Deputy Secretary
Sector Enablement and Support

Hon Chris Hipkins
Minister of Education

6/5/2019

25/6/19
Background

1. On 8 November 2018, the Ministry’s Rotorua office received an application from the ADDI Enrichment Academy Limited Board of Directors seeking the establishment of a designated character school in Taupo. This Board oversees a business that includes afterschool care, a day school, and a fully registered private school. It was proposed that the new designated character school open from 2019.

2. Ministry staff analysed the application against the criteria of section 156(4) of the Act and concluded the proposal did not meet the criteria. We also consider that students with low to moderate learning support needs in Taupo are adequately catered for by the existing network.

3. A full assessment of the proposal is provided as Annex 1.

4. We discussed our views with the applicant, who requested that we move to formal consultation on its proposal, under section 157 of the Act.

5. Consultation under section 157 of the Act is only required if you wish to establish the school. It is not required if you decide to decline to establish a school.

Assessment of designated character

6. The criteria for designating a school such as the one proposed as a designated character school are set out in section 156(4) of the Act. They are:
   a. the designated character school will have a character that is in some specific way or ways different from the character of ordinary state schools
   b. it is desirable for students (whose parents want them to do so) to get such an education
   c. students at the school will get an education of a kind that differs significantly from the education they would get at an ordinary state school.

7. The designated character of the proposed school is characterised by lower student: staff ratios than ordinary non-specialist state schools (although higher than the ratio typically applied to ORS-funded students), individual learning plans, life skills education, and the Feuerstein Instrumental cognitive programme.

8. We have undertaken an assessment of ADDI’s curriculum proposal. On the information provided, we found the designated character appears to be largely about programmes that are proposed to be offered at the school rather than a different character. The features listed in paragraph 7 are available at existing ordinary state schools.

9. This means that there is insufficient reason to say students at the proposed school will get an education of a kind that differs significantly from the education they could get at an ordinary state school.

10. Without an identifiable “different character” or different kind of education compared with an ordinary state school, the consideration under section 156(4)(b) becomes redundant, as there is nothing to be assessed for desirability.
Proposed student population

11. The application states that ADDI seeks to educate students with diagnosed medical conditions giving rise to additional learning support needs. This includes "young people living with learning, social or behavioural difficulties", and "students diagnosed with Autism, Asperger’s Syndrome, ADD, ADHD, Dyslexia, ODD and other conditions". ADDI also refers to students with a diagnosis, and "students with high and complex needs and ....... with moderate needs" who are "too high functioning for Special Needs Units but struggle in a mainstream class".

12. The group of students identified in the application falls between the low and moderate needs groupings. These students are currently catered for in mainstream state schools. They are not at the high needs level for which support outside mainstream schooling would be considered appropriate under current policy settings.

13. Since it opened as a private school, ADDI has enrolled a majority of students who have ORS funding on the basis of high or very high needs. We project that the school intends to continue to attract a significant percentage of ORS-funded students if established as a state designated character school. We have noted that the proposed maximum size of the new school (50) is likely to make it difficult for the school to be financially sustainable unless most of the 50 students are ORS-funded so as to attract additional funding.

14. ADDI’s private school enrolments show a majority of students (9 of 18) are ORS-verified, that is within the top 1-2 percent of students with additional learning support needs. These do not fit the application’s description of the proposed student group.

15. ADDI has reached families in the community of learning support parents via its after-school care and respite programmes. Some of the students the private school has enrolled are reported to have improved their attendance and engagement with schooling. The profile of ADDI’s new students in 2019 shows re-engagement in schooling § 9(2)(a) The majority of existing students are ORS-resourced, or the families are seeking ORS resourcing.

16. For students who are unsettled in schools or struggling to meet behaviour expectations, ADDI has proposed short-term enrolments to “settle” the students behaviourally before they re-enrol in their original school. ADDI has suggested it will continue these types of enrolments if established as a state designated character school. ADDI is supported by one or more state schools in Taupo who find their services of value to the students’ ability to cope in the mainstream schooling environment. The Infant, Child and Adolescent Mental Health service has recommended at least one enrolment in ADDI.

17. To date, ADDI has drawn its existing students from other Taupo schools where they were, in the majority, enrolled in integrated settings within standard classes, and either ORS-resourced or seeking such resourcing. ADDI has enrolled 25 students in total since August 2016, 22 of whom were previously enrolled in other Taupo schools. Rolls at the two dedicated unit settings at Tahuara College and Mountview (Kea St Specialist School unit) have reduced since the opening of ADDI, but most are natural transitions (e.g. end of schooling) rather than transfer to ADDI. Since 2016, there have been seven leavers from ADDI with an average length of enrolment of seven months each. Of these leavers, six returned to schools in Taupo, and one is now home schooled.
Network considerations

18. While there is increased demand for learning support services across New Zealand, the population of students who are ORS-funded or have additional learning support needs in Taupo is expected to grow only minimally. Current infrastructure planning indicates that the Taupo network of schools is not an area of high population growth over the next 5-15 years and we will not need a new school in the district to meet foreseeable population demand.

19. Although the majority of Taupo township schools were over 90 percent utilised as at October 2018, with six schools over 100 percent utilised in the township-Wairakei area, we expect the capacity situation to ease with:
   a. delivery of approved additional teaching spaces for four schools around late 2019
   b. enrolment schemes
   c. the projected decrease in the size of the school-aged population in Taupo following a short-term manageable increase.

20. There are other potential applicants for a new school in Taupo District who have approached the Ministry, including Steiner, kura and the Kinloch community. We have advised these applicants that our monitoring indicators suggest new schools are not required and they have been encouraged towards relationships with existing schools.

21. If established as a state designated character school, ADDI would need to continue to draw the majority of its students from existing Taupo schools and satellite unit, with the potential to impact state schools’ learning support numbers. Taupo District is not an area of high population growth in the 5-15 year horizon. Current infrastructure planning suggests we will be able to accommodate the children in the District in existing schools and will not need a new school for the foreseeable future. As an example, the Taupo District supports 71 ORS students in a population of around 6500 students, and this population is not expected to grow by more than 1 to 2 students per annum.

Existing network of provision

22. Schools in Taupo already provide education for students with medical diagnoses, ORS and additional learning needs. Seventeen of 21 Taupo District schools currently cater for students with additional learning needs. Our data show that these students attend every type of schooling from primary to secondary, including composite Year 1-13 settings. A range of supports are provided at these schools from Very High ORS funding through to Resource Teacher Learning Behaviour, teacher aide hours, and schoolwide programmes.

23. 8.5 percent of Taupo’s 71 ORS-verified students are enrolled in a specialist school via the Kea Street unit hosted at Mountview (Primary) School (6 students). In addition, 12 students are enrolled in the special needs unit at Tauhara College. These schools had 16.5 and 7.5 percent surplus capacity respectively as at March 2019. The remainder are able to access education in integrated classes across 16 ordinary state schools.

24. We consider the community of schools’ learning support provision will be strengthened through the introduction of the Learning Support Coordinator role from 2020. A strengthened system of support is also likely to be addressed in Taupo via the Kāhui Ako focus on students with additional needs, and the Learning Support Pilot.
Learning support policy

25. The ADDI proposal is predicated on the proposer's belief that state schools in Taupo are not meeting the needs of students with additional learning needs, and that this means a designated character school should be funded in the township.

26. The networked approach to provision of learning support through the Learning Support Delivery Model will encourage communities to take opportunities to identify needs and share resources across schools and kura, special schools and satellites, and at-risk and learning support facilities. This approach supports a range of options and settings to meet the needs of children and young people, wherever possible taking into account and building on, the current network and practices.

27. Under this model, establishing a new standalone school that provides learner support would only be contemplated if the existing community of provision could not meet the needs of students in the high needs category. Although the school currently enrols a majority of ORS students, the application is proposing a wider student group for whom discussions between parents and existing schools are likely to identify where supports should be strengthened within the existing community of provision.

28. Taupo District students with additional learning needs are currently able to choose from a range of schools, based on responsiveness to their individual learning needs. We consider the needs of the proposed students are most appropriately catered for either within the existing network of schools in the area, or will be able to be met in the foreseeable future with the improvement measures currently in train.

Financial sustainability

29. Guidelines for establishing a designated character school state an expectation for a minimum roll of 35 (eg for kura), growing to a roll of 200 for a composite school within three to four years of establishment. Although ORS funded students generate more funding and staffing than other students, we consider that a roll of 50 may raise risks about the possible viability of the school. The target group from the application are students with low to moderate needs and these are unlikely to receive additional funding for learning support. To be financially sustainable we consider ADDI would need to enrol a majority of the ORS-funded students in Taupo.

30. The applicant has provided an indicative budget, which has been considered by the Ministry. § 9(2)(g)(i)

31. We note that the proposal also relies on supplementing school income from other ADDI business activities and charging parents fees. As the proposed school would be a state school, it would be unable to fund itself in the latter way.

Property

32. The applicant holds a ten year lease with a commercial landlord, which it proposes to sublease to the Crown. ADDI's previous application for private school registration suggested the property would require additional refurbishment for a roll larger than 36. We consider this might still be the case.
33. Crown asset policy currently does not usually support leasehold arrangements for state schools, and the proposed site and its tenure are considered unsuitable. If established, the Crown would incur significant property costs associated with purchasing a site for the school and its property development.

34. To date, these possible establishment costs have not been included in the Budget 2019 bid for the Bay of Plenty Waiauki region.

Risks

35. s 9(2)(g)(i), s 9(2)(f)(iv)

36. 

37. 

Conclusion

38. The Ministry's recommendation is that you should decline the application because:

- our assessment of the proposed school is that it does not meet the statutory criteria for establishment as a designated character school
- the needs of the proposed student community for the school can be and are being met within the existing school network
- Taupo is not an area of high population growth and new schools are not required in the area
- the proposed school would need to draw students from the existing network, rather than from population growth, negatively impacting on the existing learning support network.

Next Steps

39. If you decide to decline the application, please sign the decline letter attached in Annex 2 and return it to the Ministry. We will meet with the applicant to deliver and discuss it.

40. If you decide to initiate consultation on the proposal, please sign the agreement to consultation letter attached in Annex 2 and return it to the Ministry. We will meet with the applicant to deliver and discuss it, and undertake the consultation process.
Proactive Release of this Report

41. If you decide to decline the application we propose to proactively release this report in the next proactive release cycle, in line with your expectations.

42. If you decide to initiate consultation, the results of which you would need to consider, we recommend that this report be proactively released once a final decision is made. Any information that might need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Annexes

Annex 1: Designated character assessment
Annex 2: Alternate letters to the applicant
Annex 1: Designated character assessment
### Application

**Designated character**

The applicant in this case is the ADDI Board of Directors. This Board oversees a business that includes after-school care, a day school, and a fully registered private school.

The application proposes to use:
- lower staff-student ratios
- individual learning plans and NZC
- low stimulation environments
- Feuerstein Instrumental cognitive programme
- life skills education; and
- "Te Kura provides the academic programmes for the students."

The application differentiates the character of the education programme from that of State schools due to lower student:teacher/aide ratios and the use of the Feuerstein Instrumental Enrichment Programme.

### Consideration

**Designated Character**

ADDI's proposed education appears not dissimilar to that offered in state schools for comparable types of students.

- several schools in Taupo provide lower staff-student ratios, e.g. 2 teachers and 5 teacher aides for the 19 children enrolled in Tahuara College's special needs unit
- schools with identified students with additional learning needs use Individualised Learning Plans, and base their education on NZ Curriculum with personalised learning goals’ setting
- Feuerstein Instrumental programme is available and has been used by a range of New Zealand schools including schools in Taupo (e.g. ITCS) and Reporoa
- Te Kura courses are available for students via existing gateways, including those identified as disengaged from mainstream schooling.

An assessment of curriculum sufficiency was undertaken by a Student Achievement Function (SAF) practitioner. On the information provided, the SAF found the Designated Character appears to be largely about programmes rather than different character e.g. Feuerstein Instrumental programme, and few of the outcomes or teaching processes could be attributed to a special character i.e. state schools could implement all or almost all of the characteristics of the education and the proposed outcomes.

### Summary Comment

**Comment**

The proposed school does not have an identifiable "different character" from the character of ordinary state schools (s.156(4)(b) Education Act 1989).

There is insufficient reason to say students at the school will get an education of a kind that differs significantly from the education they could get at an ordinary state school (s.156(4)(d) Education Act 1989).

There are no strong access and choice benefits to justify establishing a new designated character school of the nature proposed.

There is convenient access to a regular state school for Taupo township families, with 19 of 21 Taupo District schools catering for students with additional learning needs.

### Proposed students

ADDI seeks to educate "young people living with learning, social or behavioural difficulties", and "students diagnosed with Autism, Aspergers, ADD, ADHD, Dyslexia, ODD and other conditions".

### Proposed students

Factors influencing demand include the size of the student group with diagnoses and/or learning, social and behavioural difficulties, growth in ORS numbers, and expected population trends in Taupo.

Indicators about the size of the population of "children with diagnoses" and "children with social, emotional and behavioural difficulties", include:

### Comment

The proposed new school will impact ORS enrolments in existing schools rather than attract students from a growing population.
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| Describing the student body of the private school, the applicant refers to students with a diagnosis, and "students with high and complex needs and...with moderate needs" who are "too high functioning for Special Needs Units but struggle in a mainstream class. "Our students are not so severe they require a special needs unit but find mainstream schooling very challenging." | - The Social, Emotional and Behavioural Difficulties in New Zealand Children report (June, 2018) found 8% of children aged 3-14 experienced 'concerning' level of social, emotional and behavioural difficulties. The study found higher rates of concerning difficulties for Maori children (12%) Pacific Island children (10%) and children from areas of higher deprivation (12%).  
- The estimated reach of the System of Learning Support is between 7% and 9% of children in schools, including 3% with the highest needs and 4-6% with moderate needs.  
- Demand for ORS has been consistently funded at just below 1% in Taupo. In July 2018, 0.8% of students were ORS verified.  
- Approximately 9% of parents express dissatisfaction with the System of Learning Support available in existing State schools.  
The population size of interest for the ADDI application is approximately 415 children from Years 1-13, which is 8% of the current roll of Taupo catchment schools (5170 Oct 2018). | The Government’s current focus is on building new schools in areas of sustained significant population growth.  
The application does not fit with current Government priorities in education.  
- Learning support policy considers a range of support options appropriate for each student within a community of provision. Supporting learners within an inclusive setting remains a core policy, in line with international conventions and the NZ Disability Strategy. Under this model, establishing a new standalone school providing learner support would only be contemplated if the existing network could not meet the needs of students. It would also only be considered for very high needs students – not the bulk of the proposed students, who are in the low to moderate support needs grouping  
- a strengthened system will be provided in Taupo via the Kahui Ako focus on students with additional needs and Learning Support Pilot. |

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<th>Population growth and schools' capacity</th>
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<tr>
<td>The application states diagnoses are 'growing exponentially'.</td>
<td>Existing schooling capacity in Taupo township schools shows a tight situation for most schools due to 11% growth in rolls in the last five years:</td>
<td>The Government’s current focus is on building new schools in areas of sustained significant population growth.</td>
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<td>2018-2021 Network indicators</td>
<td>- Oct 2019 total rolls will exceed the total capacity of the 14 schools in Taupō township by about 80 student places. &lt;br&gt;- the number of Taupō 5-10 year olds will decrease in the next 5 years by 3%, with a continuing decrease trend in the subsequent decade, returning to 2013 numbers by 2030. &lt;br&gt;- the number of 11 to 12 year olds will increase by a further 6%. &lt;br&gt;- the number of 13 to 17 year olds will increase by an additional 135 students.</td>
<td>Population indicators do not support the need for a new school in Taupō. &lt;br&gt;Capacity in existing schools is tight but being managed by enrolment schemes and additional teaching spaces being delivered to 4 schools. &lt;br&gt;Growth experienced in the last 5 years is expected to stabilise in the next five years, with decrease in primary schools, and peak then ease after 2023 in intermediate and secondary schools.</td>
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<td>By 2023, we expect:</td>
<td>- 3110 primary age students in Taupō District, up from 3030 in 2013. &lt;br&gt;- 3615 intermediate and secondary age students in Taupō District, up from 3330 in 2013.</td>
<td>Capacity for approximately 7100 students will in place in Taupō District schools by 2020 for an expected peak roll of 6525, including 5465 places in 14 Taupō township schools for an expected roll of 5409.</td>
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<td>Subject to roll monitoring and enrolment schemes to influence local enrolments, in Turangi schools in particular, the population projections for Taupō township do not suggest growth will require a new school, irrespective of character.</td>
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<td><strong>Existing provision</strong></td>
<td>• enquiries by Kinloch families and Montessori proponents about new schools have indicated the same outcome i.e. population demographics suggest slowly decreasing State school rolls in the District long-term.</td>
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<td><strong>Financial sustainability</strong></td>
<td>The application envisages attracting enrolments from existing schools and refers to students who 'struggle in mainstream classes' or whose needs are not being met.</td>
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<td><strong>Existing provision:</strong></td>
<td>Students with additional learning support needs were enrolled in 19 of 21 schools in Taupo District in July 2018. Students attend every type of schooling from primary to secondary, including composite 1-13 settings. Supports are provided from Very High ORS through to RTLBP and schoolwide programmes.</td>
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<td>Parents who seek specialist school enrolment are able to enrol in Kea Street Specialist School and/or in the special needs unit at Taumarua College.</td>
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<td>16% of Taupo ORS verified students are enrolled in a specialist school via the Kea Street unit hosted at Mountview (8 students March 2018). In addition, 19 students are enrolled in the special needs unit at Taumarua College.</td>
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<td>By comparison, 0.4% of students with additional learning needs are enrolled in a specialist school setting across New Zealand.</td>
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<td>Specialist offsite location host, Mountview School, and unit host Taumarua College have approximately 10% surplus capacity (July 2018).</td>
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<td><strong>Financial sustainability</strong></td>
<td>Guidelines for establishing a designated character school state an expectation for a minimum roll of 35, growing to a roll of 200 within 3-4 years of establishment for a composite school. Smaller roll sizes require information on financial viability, given the difficulties faced by schools with roles under 100 (and definitely under 50).</td>
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<td>The applicant has been advised of this and asked to provide financial viability information to support their proposal for a smaller roll size. They have included an indicative budget, which has been referred to the Finance Advisor. Their view</td>
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<td><strong>Comment</strong></td>
<td>There is no apparent gap in provision in Taupo for students with additional learning needs including diagnosed conditions and ORS verification.</td>
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<td>The needs of proposed students could appropriately be catered for within the existing network of schools in the area.</td>
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<td><strong>Comment</strong></td>
<td>The proposed maximum size of the school (50) would make it difficult for the school to be financially sustainable, unless enrolling most of the ORS funded students in Taupo so as to attract additional funding. The bulk of the proposed student group is unlikely to attract learning support funding.</td>
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<td>is that the budget overstates income and understates expense items compared to averages for other schools (e.g. cleaning, heating &amp; lighting, ACC levy, insurance and others). The budget is unrealistic for a school of the proposed size. The budget also shows ADDI is relying on:</td>
<td>The applicant’s indicative budget suggests a plan to charge parents fees, and supplement school funding with other business activities.</td>
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- enrolling all or mainly ORS funded students (to achieve the level of income shown would require nearly all of the 50 students to be ORS funded)
- supplementing school income from other ADDI business activities
- charging parents fees (which it cannot legally do as a state school).

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<td>The applicant holds a ten year lease with a commercial landlord which it proposes to sublease to the Crown, i.e. remain the head tenant, to provide property accommodation for the school. The applicant may have hoped to avoid the need for nationally prioritised schooling infrastructure. Budget provision for its establishment.</td>
<td>The application has an unsatisfactory proposal related to property provision for the school:</td>
<td>The proposed site and its tenure are not suitable. If established the Crown would incur significant property costs associated with its development. The region’s schooling infrastructure priorities are focused on provision in high growth areas with sustained population growth. As there is already provision for these students in the network we consider that there are more cost effective ways available to meet the needs of the group of students.</td>
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- the previous application for private school registration suggested the property would require additional refurbishment for a larger roll;
- Crown asset policy currently does not usually support leasehold arrangements for State schools, other than via specific Treaty claim settlements;
- freehold land purchase and Crown investment in new property is the normal establishment track, with most exceptions having been for kura arrangements involving Maori land owners and/or iwi;
- a Budget allocation would need to be sought with regional priority for a Property allocation to be secured for the proposed new school.
Annex 2: Decline letter to applicant
Gaye Vartiainen
Managing Director
ADDI Enrichment Academy
16 Opepe Street
P O Box 183
TAUPO 3330

Dear Gaye

Thank you for your proposal for the establishment of a designated character school in Taupo for students with learning and support needs.

I have carefully considered your proposal against the criteria for establishing a school as a designated character school set out in the Education Act 1989 (the Act). I have also considered the ability of the existing network of provision in Taupo to meet the needs of your identified student group.

Having considered these matters I can advise that I will not be establishing a new state designated character school in line with your proposal. This is because:

- assessment of the proposed school is that it does not meet the statutory criteria for establishment as a designated character school
- the needs of the proposed student community for the school can be met within the existing school network, especially in light of current strengthening of learning support for students
- students would need to be drawn from existing schools, negatively impacting on their operation, rather than being new students to the network, as Taupo is not an area of population growth.

Thank you again for your application. I wish you well with your existing provision.

Yours sincerely

Chris Hipkins
Minister of Education
01 JUL 2019

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Managing Director  
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