

# Regulatory Impact Statement

## Enabling a principal to manage more than one school

### Agency Disclosure Statement

This Regulatory Impact Statement has been prepared by the Ministry of Education.

This Regulatory Impact Statement provides an analysis of the options to assist schools, which have difficulty recruiting a principal, to attract a skilled leader who can help lift student achievement, and to do so efficiently and at least cost.

The preferred option was discussed at a cross-sector forum of education sector representatives on 21 May 2015.

The Ministry considers this document to be a fair representation of the analysis of available options. There will be ongoing engagement with the sector through its representative organisations to finalise business requirements, to enable the preferred option to be operationalised.

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## Context

1. Quality teaching and effective school leadership are the biggest in-school factors influencing student achievement. Because of the influence afforded by their formal position in the system, school principals are one of the main drivers of improvement in the quality of teaching in schools.
2. International and national research suggests that an 'outstanding' school principal can lift student achievement by over 20 percentile points compared to an 'average' principal<sup>1</sup>.
3. New Zealand has approximately 2,400 schools. With only two exceptions, each school has a principal, regardless of its size. The principal is appointed by the school's board of trustees. The board is able to access support when recruiting a principal (advice and tools) from the New Zealand School Trustees' Association if it chooses to. There is no restriction on who a board can appoint as a principal, other than that he or she is a registered teacher.
4. Conditions and salaries are regulated through the collective agreements and staffing entitlements funded directly from Ministry funding.

## Problem definition

5. New Zealand's education system has a high number of relatively small schools. The nature of New Zealand's geography means that many of these schools are in small, often isolated communities. This sometimes makes it difficult to both recruit and retain good principals (although recruitment and retention issues are not limited to small rural communities). For many years this issue has been addressed through incentives in the collective agreements for hard-to-staff areas. But it is clear that these on their own are not sufficient to solve issues of recruitment, retention and quality.
6. Many of these hard-to-staff schools also have issues of low achievement and disruptive or anti-social behaviour. This may be both a result of, and a cause for, not recruiting and retaining effective leaders. Regardless, the schools which find it difficult to recruit and retain effective leaders can be those in most need.
7. The current principals' remuneration system incentivises movement towards larger schools. Ministry of Education analysis shows that first time principals are more likely to get their first appointment at a small school. But over time principals move to bigger schools and to schools in more urban settings. 70 percent of first time principals are employed in schools with 300 or fewer students as opposed to 44 percent of principals with 12 years experience.
8. Again, this can mean the principals with least experience end up at the schools with most need.
9. Principals are appointed by boards which often lack experience in such matters. While support is available, boards can choose the extent to which they take advantage of that support. This leads to significant variety in the quality and experience of principals.

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<sup>1</sup> Barber M., and Mourshed M.(2009). *Shaping the Future: How good education systems can become great in the decade ahead*. McKinsey and Company 2009. Leadership Best Evidence Synthesis

## Policy objectives

10. The primary policy objective is to ensure that every school is able to recruit and retain an effective principal. This will provide schools with the high quality leadership they need for all children and young people to achieve their highest possible standard in education<sup>2</sup>.
11. The secondary policy objective is to provide incentives and support that will enable and encourage effective principals to take up opportunities to help lift student engagement and achievement.

## Options

12. The Ministry considered four options to meet the policy objectives.
13. The four options are to:
  - a. retain the status quo, which includes the ability for a principal to manage more than one school where there is a combined board in place and the provision of a principal recruitment allowance in certain circumstances
  - b. modify status quo – explicitly promoting particular vacancies as career opportunities
  - c. provide further financial incentives to attract effective principals
  - d. enable a principal to manage more than one school where there is not a combined board.
14. Three criteria were used to assess each option's contribution to ensuring that every school is able to recruit and retain an effective principal:

### *Potential to lift student engagement and achievement*

15. The option must, primarily, provide the potential to lift student engagement and achievement through the recruitment and retention of an effective principal. Without this potential, boards are unlikely to select the option as a worthwhile way to proceed.
16. The option must not create additional barriers for schools seeking to lift student engagement and achievement.

### *Cost*

17. The option needs to be cost-neutral as no additional funding is available for this initiative.

### *Efficiency*

18. The option should not require more of schools administratively than is the case now.
19. The option needs to be easy to manage in order to increase its uptake and its success, recognising that there is support available from the Ministry and the New Zealand School Trustees Association.

## *Option One: Status Quo*

20. The Education Act 1989 allows the possibility of one board of trustees governing more than one school. This is known as a combined board. Section 116A allows a combined

<sup>2</sup> The primary duty for school boards set out in section 75 of the Education Act 1989

board to appoint one person to be a principal across two or more schools. There are relatively few combined boards (currently 22) but two of these have a shared principal. One is the principal of three integrated primary schools and one is the principal of two non-integrated state primary schools. These arrangements are working well.

21. In addition, the Government is providing a principal recruitment allowance through *Investing in Educational Success*. The allowance is available to schools that are struggling to lift student achievement and are unable to recruit a suitable principal who could meet that challenge. It enables such schools to offer a more competitive salary than they would otherwise be able to offer, in order to recruit an experienced and effective principal.
22. The allowance also recognises the additional work needed to transform struggling schools. It is expected to go some way towards lifting the status of roles in which a highly effective principal takes on the challenges of a school that would normally not be able to pay sufficiently well to attract someone. When a principal vacancy arises, a board may apply to the Ministry to confirm that their school or kura meets the criteria for the allowance.
23. This allowance is, however, subject to an application process. It is only available to schools meeting a range of criteria and depends on the availability of Crown funding. The criteria include evidence that the school has had trouble recruiting a suitable principal. Some schools, which may have had trouble recruiting but who do not meet other criteria, will still face difficulties in recruiting and retaining a principal.

#### *Option Two: Modified status quo*

24. A modified status quo would see existing arrangements retained but supplemented by promoting particular vacancies as career opportunities to principals. These vacancies could be advertised more widely and framed as providing an opportunity for principals to make a difference in a school that needs an effective principal. Promotion could involve regional offices of the Ministry working with individual boards or the Ministry working with the New Zealand School Trustees' Association at a national level.

#### *Option Three: Non-legislative option (financial incentives)*

25. Further financial incentives to attract effective principals to schools that are finding it hard to recruit could be provided, as a non-regulatory option. Such incentives would be in addition to the principal recruitment allowance, and could be provided in a similar way as the management units. Provision of this incentive would, however, depend on the availability of Government funds. Criteria would need to be established.

#### *Option Four: Legislative option (principal managing more than one school)*

26. Another option is to amend the Education Act 1989 to allow a principal to be shared by more than one school. An effective principal who might not be attracted to a vacancy leading one small school, might be attracted to the greater demands (and status) of leading across two schools, particularly where one or both were struggling to lift student achievement.
27. A principal could either be appointed to more than one school and equally accountable to the relevant boards, or work as a principal across more than one school while employed by one of them. This flexibility would help boards to establish the most suitable (and therefore sustainable) system for their circumstances and the applicant's preference.

28. Such arrangements might allow a principal to stay in his or her local area but still progress in their career. They could prevent principals being forced to either move away from their location of choice in order to advance their career, or limit their career options in order to stay in their local area.
29. An additional benefit would be to allow other leaders in the school the opportunity to 'act up' where necessary to allow one principal to operate across more than one school.
30. It is unlikely that this option would result in increased costs for the Crown. There may be a marginal cost difference for schools in managing a principal's performance. This is generally contracted out and would require an appraiser to work across two schools. There may also be some travel expenses incurred by the schools as a result of sharing a principal. Recruitment costs, however, could be shared. Salaries would continue to be met through the usual staffing formula.
31. Option 4 may present challenges in balancing the needs of two schools appropriately. This could be addressed through the establishment and monitoring of a performance agreement for the principal which recognises and manages these challenges.

### **Summary of analysis of options to establish the student identity**

32. The following criteria have been used to assess the four options described above:
  - Potential to lift student engagement and achievement
  - Cost
  - Efficiency
33. All options provide the potential to lift student engagement and achievement. The status quo includes the principal recruitment allowance which has only recently become available. It is not yet known what impact the allowance will have on recruitment and retention of principals in schools which are in need of an effective principal. Similarly a modified status quo also has the potential to lift engagement and achievement.
34. Options three and four offer additional ways of attracting suitable principals that do not negate those offered through the status quo.

#### *Option One: retain status quo*

<b>Criteria</b>	<b>Retain status quo</b>
Provide the potential to lift student engagement and achievement.	Yes, the status quo includes the principal recruitment allowance. The impact of this has not yet been evaluated.
Not create additional barriers for schools.	Yes, no change.
Cost-neutral.	Yes, no change.
The option should not require more of schools administratively than is the case now.	Yes, no change.
The option needs to be easy to manage in order to increase its uptake and its success, recognising that there is support available from the Ministry and the New Zealand School Trustees Association.	Yes, no change.

*Option two: modify status quo*

<b>Criteria</b>	<b>Modify status quo</b>
Provide the potential to lift student engagement and achievement.	Yes, the status quo includes the principal recruitment allowance. The impact of this has not yet been evaluated. In addition, explicit promotion of particular vacancies as career opportunities could be used to lift the status of the role and attract effective principals.
Not create additional barriers for schools.	Yes, promotion of vacancies will not create an additional barrier.
Cost-neutral.	Yes, no change in terms of cost.
The option should not require more of schools administratively than is the case now.	Yes, there would be minimal additional administrative work. Promotion would employ existing vehicles such as Ministry and NZSTA newsletters.
The option needs to be easy to manage in order to increase its uptake and its success, recognising that there is support available from the Ministry and the New Zealand School Trustees Association.	Yes, there is no change to what is being offered.

*Option three: financial incentives*

<b>Criteria</b>	<b>Financial incentives</b>
Provide the potential to lift student engagement and achievement.	Yes, additional financial incentives could attract a wider range of applicants to hard-to-staff schools.
Not create additional barriers for schools.	Yes, the change provides an incentive which does not diminish other elements.
Cost-neutral.	No. There would be additional costs.
The option should not require more of schools administratively than is the case now.	No. There would be administration associated with the application of incentives.
The option needs to be easy to manage in order to increase its uptake and its success, recognising that there is support available from the Ministry and the New Zealand School Trustees Association.	Yes, there are existing mechanisms for providing incentives through the collective agreements and the staffing entitlement.

*Option four: enabling principals to manage more than one school*

<b>Criteria</b>	<b>Principals managing more than one school</b>
Provide the potential to lift student engagement and achievement.	Yes, this provides an additional way of attracting suitable principals to vacancies.
Not create additional barriers for schools.	Yes, the change provides an additional optional option which does not diminish other elements.
Cost-neutral.	Yes. There would be no additional costs to the Crown. There may be some marginal costs that the school would need to absorb which are expected to be outweighed by

	savings through better management of issues within the schools.
The option should not require more of schools administratively than is the case now.	No. There may be additional administration in relation to the need to manage a principal's relationship with two boards. Such costs are expected to be outweighed by savings through better management of issues within the schools.
The option needs to be easy to manage in order to increase its uptake and its success, recognising that there is support available from the Ministry and the New Zealand School Trustees Association.	Yes. Schools will only adopt this option if it is workable for them. If it is too difficult, it will simply not be adopted. While there are a number of issues to be addressed there is also significant support available through the Ministry and the NZSTA to assist boards.

35. The preferred option is to amend the Education Act 1989 to enable a principal to be shared across two schools.
36. The preferred option would provide greater flexibility and a wider range of ways to address the issues of recruitment for schools finding it hard to attract an effective principal. There may be additional costs to the school and additional administration. But these are expected to be outweighed by savings through better management of issues within the school by an effective principal.
37. In addition, option four is an enabling option which boards may choose to adopt if suitable for their situation. Boards would only do so if it addressed their particular problem. Boards could continue to rely on the status quo if that met their needs. Boards would also be free to independently promote a vacancy in the way suggested by option two without needing regulatory change to do so.
38. If we retain the status quo, even if modified as in option two, a potential tool for improving leadership in New Zealand schools will be lost. Principals looking for a career challenge will not be able to test themselves by working across two or more schools. There will be fewer opportunities for senior teachers or deputy principals to be able to test whether a management path is one they wish to take. Some schools will still face challenges in recruiting an appropriate principal.

## Consultation

39. The proposal to enable one principal to be appointed to more than one school was discussed at a cross-sector forum of education sector representatives on 21 May 2015.

## Conclusions and recommendations

40. In summary, option four offers additional means to recruit an effective principal where a school is having difficulty doing so, without giving up other methods which also contribute to the policy objective.

## Implementation plan

41. The proposal could be implemented by amending the Education Act 1989 to clarify that a principal can be employed by two or more boards or can be employed by one board but work as a principal for another school or schools. This could be achieved through a bill which has as its theme modernisation and remedial matters.

42. There would be a range of operational matters for school boards to work through to ensure the proposal was workable in practice. These include delegation arrangements, employment matters (including performance management), remuneration, and resourcing. The Ministry could assist school boards with addressing these matters, working through the implications for the collective agreements and through its relationship with the New Zealand School Trustees Association.

### **Monitoring, evaluation and review**

43. Ministry officials working on strengthening professional leadership will have an interest in the impact of this change. Results of monitoring, evaluation and review could be referred to the Education Council of Aotearoa New Zealand to incorporate into its role of identifying and disseminating best practice and evidence on professional leadership.