



Education Report: Education Crown Entities' Monitoring Update on Upcoming Key Deliverables

To:	Hon Chris Hipkins, Minister of Education		
Date:	5 June 2020	Priority:	High
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Purpose of Report

This paper outlines how your feedback on the Crown entities' Statements of Performance Expectations 2020-21 (SPEs) is being incorporated into the entities' ongoing work programmes and accountability documents. It also seeks your direction on timing for new Letters of Expectation which have been delayed due to COVID-19.

Summary

- 1 We are working with the entities to incorporate your feedback into their final and amended SPEs, future Statements of Intent and Annual Reports.
- 2 You have the option of articulating your priorities and expectations through issuing your Letters of Expectations (LOEs). We have prepared drafts for TEC, ENZ and NZQA, but delayed sending them to your Office due to COVID-19. We are seeking your direction as to whether you would like to progress LOEs for one or some of the agencies now or wait until the implications of COVID-19 are fully understood and the National Education and Learning Priorities statement and the Tertiary Education Strategy are finalised.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** Crown entities are incorporating your feedback on their draft Statement of Performance Expectations (SPEs) into final SPEs and through the amendments they make later in the year

Noted

- b. **note** your feedback also has implications for entities' Statements of Intent and Annual Reports

Noted

- c. **agree** to issue Letters of Expectations for Board Chairs later in the year

ENZ

Agree / Not agree

NZQA

Agree / Not agree

TEC

Agree / Not agree

- d. **release** this Education Report as part of a proactive release once final SPEs have been published

Release / Not release



Emily Fabling
**Deputy Secretary
Strategy, Planning & Governance**

05/06/2020



Hon Chris Hipkins
Minister of Education

12/07/2020

I would like to have revised Letters of Expectation ready for the new government to send straight after the General Election. CH

Background

- 1 You have provided feedback on the draft Statements of Performance Expectations 2020-21 (SPEs) you recently received from the Crown entities. Your feedback provides strategic direction not just for the SPEs but for all parts of the accountability and performance management framework in which the entities operate, including Statements of Intent (SOIs), Annual Reports, quarterly reports and Letters of Expectations (LOEs).
- 2 We are working with the entities to incorporate your feedback in their final and amended SPEs and to consider for future SOIs.¹ Some of your feedback (especially that for ENZ) repositions the entities' roles. This is better captured first in a new SOI, with appropriate performance measures able to then be reflected in the amended or following year's SPE. Also, some of your feedback for ENZ covered measures which exist in the current SOI. ENZ will consider how the measures are better linked and referenced between the SOI and SPE.

Setting Direction

- 3 The accountability and performance management framework within which the entities operate is set out in figure 1 below. SOIs and LOEs set expectations for entities progressing government priorities and annual and interim reports are where entities provide assurance they are delivering what is required.

Figure 1 Setting expectations through the performance management framework



- 4 We read your feedback as evidence you need stronger assurance that entities are delivering what you expect them to. This assurance needs to be provided by the entities and us, as monitors.
- 5 You may wish to provide further direction and expectations on the assurance you need that key priorities are being delivered. This could be achieved through issuing LOEs in the near term.
- 6 However, also relevant for clarifying overall direction for the Crown entities will be the National Education and Learning Priorities statement (NELP) and the Tertiary Education Strategy (TES). Given these are expected to be delivered shortly, we consider it may be better to align new SOIs and LOEs with these new strategies, when finalised.

¹ Our advice to you on the draft SPEs [METIS 1226481] outlined that in order for the full impacts of COVID-19 to be taken into account, the education entities were likely to amend their final SPEs later in the year, using s149K of the Crown Entities Act 2004.

Statement of Performance Expectations

- 7 Your feedback has been provided to the entities and Board Chairs and will be taken into account as the Boards sign out the SPEs.
- 8 Development of new or altered measures typically takes time to work through. If appropriate measures to reflect your priorities are not able to be included in the SPE for this year, a commitment to report to you on performance in those areas can be added to the SPE.
- 9 Key points to note are:-
 - a. TEC will:
 - i. in the June SPE, reflect key Budget 2020 decisions and include more information about TEC's operational readiness to deliver on the Review of Vocational Education (RoVE) and the Careers response to COVID- 19; and
 - ii. in the later amended SPE, update performance measures and discuss progress in RoVE and enhanced work in Careers. The updated performance measures will also include changes to non-financial measures that are no longer relevant, unable to be met or measured.
 - b. ENZ's ability to incorporate your feedback is dependent on decisions occurring in the wider system that will impact international education. However, it:
 - i. considers your feedback to be highly relevant to its amended SPE measures and is planning to incorporate a leadership aspect in its performance measures and reporting
 - ii. will, in the later amended SPE, reflect your feedback to position it for a new SOI which reflects its new strategic role. Appropriate performance measures will be developed alongside; and
 - iii. is looking to put in place a new SOI. It will ensure a new SOI is strongly aligned to the SPE.

Statements of Intent

- 10 SPEs (which capture measures) are aligned to the delivery of SOIs (which capture intent). All three education entities produced new SOIs in 2019 and are not legislatively required to produce a new SOI until 2022, although you can require a Crown entity to prepare a new SOI at any time under s139A of the Crown Entities Act. At the time of publishing the SOIs, government priorities were known but the extent of the changes in the system were not known. Moreover, COVID-19 has now had a significant additional impact.
- 11 NZQA's SOI continues to be well aligned to your priorities. However, an updated or amended SOI for TEC and ENZ may be required to ensure their strategic directions reflect recent changes in the system and your current priorities.
- 12 ENZ has already indicated to us that, given COVID-19 and your expectations of a new strategic direction, it will need to produce a new SOI next year.
- 13 TEC have been considering the best timeframe for a new or revised SOI to take account of the refreshed TES and progress with its work on equity, RoVE and the careers strategy. Your expectations of TEC for RoVE and the changes COVID-19 requires of the Careers service will need to be included in a new SOI in the near future.

Annual Reports

- 14 Your feedback on the SPEs is also relevant to annual reports and whether the entity is reporting sufficiently on the priority areas you have identified. For TEC, in particular, it will be imperative for its annual report to comment on the careers function and the changes within its organisation to deliver on RoVE.
- 15 The entities have sought guidance from us as to what we will be looking for when reviewing their annual reports. Our current view is that we would expect annual reports to have information on:
- a. How entities have progressed government priorities and policy outcomes for the sector and within the organisation
 - b. How entities are addressing equity and wellbeing in the system
 - c. How entity' core functions have performed and shifted to support government priorities and COVID-19
 - d. How entities have responded to COVID-19
 - e. Organisational health.
- 16 Our advice to you will include:
- a. Analysis over its measures
 - b. Analysis over the impact of COVID-19
 - c. An assessment of overall performance
 - d. An assessment on how government priorities have been reported on and delivered.
- 17 Note that timeframes for sending you annual reports vary across the entities. This is dependent on the Audit Office timetable.

Letter of Expectations

- 18 We originally developed entity specific, detailed and prescriptive LOEs. Subsequent to the joint Chairs' meeting with you in March 2020 we developed a draft cross-sector LOE to ensure there was consistent, joined-up messaging for the three Education Crown entities. This later draft reflected the priorities agreed at that meeting (initial impacts of and responses to COVID-19; equity and inclusion; and RoVE).
- 19 The cross-sector LOE was delayed due to the impact of COVID-19. You may now wish to wait to issue LOEs to allow for the complexity of the post-COVID-19 environment to be adequately captured and for the entities to continue developing their organisational response to the impacts of the pandemic. Delaying the LOEs would also enable them to reflect priorities agreed through the NELP and TES, once they are finalised. In this case, LOEs would be sent in late 2020 or early 2021.
- 20 Alternatively we could send one or all of the LOEs earlier. This would enable you to be clear about your priorities now. Updated LOEs could be then sent once the implications of COVID-19 are better understood and the NELP and TES finalised.
- 21 There is no legislative requirement for the LOE to be sent within a specific time. The letters sent to the entities in 2018 remain current. Your expectations of the entities can still be reflected, in the interim, through:
- a. feedback on the entity quarterly reports
 - b. feedback on the Ministry quarterly monitoring reports (which are provided to the entities
 - c. your letters to the Board Chairs as part of the Ministry quarterly and end- of- year reports.

- 22 The LOEs for each entity also do not have to be sent at the same time. You may wish to send a LOE to TEC as a priority. ENZ will be most affected by COVID-19, and you may wish to delay its LOE until next year. We consider that NZQA's LOE remains relevant and current, and updating it is not urgent.

Next Steps

- 23 We will continue to work with the entities to ensure your feedback is incorporated into the final and amended SPEs and your priorities reported on in the Annual Report.
- 24 The Letters of Expectations will be progressed to your chosen timetable.

Proactive Release

- 25 It is intended that this Education Report is proactively released once the entities have published their final SPEs. This is as per your expectation that information can be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.