

Education Report: Proposed Establishment Unit to support Workforce Development Councils

To:	Hon Chris Hipkins, Minister of Education		
Date:	10 December 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1246615
		TEC Tracker:	B-20-00780
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose

This report seeks your agreement for the Tertiary Education Commission to use already appropriated funding to set up an Establishment Unit. The Establishment Unit would carry out establishment activities for the Workforce Development Council Interim Establishment Boards and the Workforce Development Councils.

Recommended Actions

The Ministry of Education and the Tertiary Education Commission recommend that you:

- a. **note** that officials have advised you about the formation of an Establishment Unit, hosted by the Tertiary Education Commission, which would carry out establishment activities on behalf of the Workforce Development Council Interim Establishment Boards and Workforce Development Councils [METIS 1245502 refers]
- b. **note** that to establish and operate this Establishment Unit the Tertiary Education Commission would need to utilise \$4 million of funding currently appropriated to support Workforce Development Councils to perform establishment activities
- c. **note** that under the existing delegation the \$4 million of funding noted in recommendation (b) cannot be used by the Tertiary Education Commission and Workforce Development Council Interim Establishment Boards
- d. **agree** that the Tertiary Education Commission can use up to \$4 million of funding in 2020/2021 from the Establishment of Workforce Development Councils line of the Tertiary Sector/Industry Collaboration Projects appropriation of Vote Tertiary Education, to perform establishment activities for the Workforce Development Council Interim Establishment Boards and the Workforce Development Councils

Agree **Disagree**

- e. **note** that this will require an amended letter delegating authority to the Tertiary Education Commission to administer funding for Workforce Development Council

Interim Establishment Boards and Workforce Development Councils [METIS 1245624 refers]

- f. **agree** to proactively release this report once the letter of delegation is sent to the Tertiary Education Commission

Agree **Disagree**



Katrina Sutich
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Ministry of Education

10/12/2020



Gillian Dudgeon
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10/12/2020



Hon Chris Hipkins
Minister of Education

15/12/2020

Background

1. Workforce Development Councils (WDCs) are a foundational component of the Reform of Vocational Education (RoVE) and will play a key role in supporting the tertiary sector and the wider economy to recover from the impacts of COVID-19.
2. On 17 July 2020, you agreed to fund Workforce Development Council Interim Establishment Boards (iEBs) and WDCs through a letter of delegation [METIS 1218242 and 1230195 refer]. The letter of delegation allocated up to \$1.7 million to fund initial establishment costs for iEBs, administered by the Tertiary Education Commission (TEC). An additional \$4 million of funding was allocated to support the establishment of WDCs, including change management and governance election costs, in 2020/21.
3. You recently agreed to a modified timeframe for establishing WDCs by May 2021, noting that officials proposed the formation of an Establishment Unit to support WDCs to become fully operational [METIS 1245502 refers].

Funding for the Establishment Unit to support establishment activities

iEBs and the TEC have agreed to the formation of an Establishment Unit

4. To support the WDCs to get up and operational as quickly as possible and mitigate any delays, officials and the iEBs have developed an approach where an Establishment Unit would undertake several establishment activities prior to the formal establishment of the WDCs (refer to Annex One for a list of establishment activities).
5. An Establishment Unit, hosted by the TEC and directed by the six iEBs, is an effective and efficient method to ensure the WDCs can have a 'fast start' once they are formally established. The Establishment Unit would work closely with all iEBs through a single establishment plan to ensure that the work produced meets the quality and timing expectations of the WDCs.
6. The Establishment Unit would be led by a 'Head of WDC Establishment', a dedicated resource with strong cultural capability and experience in establishing new entities. The TEC has already started a recruitment process for this position. The Establishment Unit would sit within the RoVE programme within the TEC but will be directed by and operate under guidance from the six iEBs/WDC Boards.
7. The Establishment Unit would be made up of dedicated RoVE resources, external professional service providers, and subject matter experts, including experts from the iEBs.
8. The Establishment Unit would carry out and/or support activities that should be completed or in-flight by the time the WDC Boards meet for the first time (i.e. Day One). Many of these establishment activities would lay the foundations of how the WDC will operate (for example, the development of an interim operating model) and look like (such as the development of an interim organisational structure) once they are established.
9. Having certain establishment activities start before WDCs are formally established would:
 - a. assist with a smooth and earlier transition of functions from Transitional Industry Training Organisations (ITOs) to WDCs, such as standard setting and qualification development;
 - b. assist Transitional ITO Chief Executives to plan for the transition of their staff; and
 - c. allow WDCs to contribute to the COVID-19 recovery quicker.

10. The formation of an Establishment Unit is endorsed by the RoVE Programme Board and the Chairs of the six iEBs.

Using existing funding to support the activities of the Establishment Unit

11. 9(2)(f)(iv)
[REDACTED]
12. Under the original timeline, we expected that establishment activities would be undertaken by iEBs using \$1.7 million of funding in 2019/20 and by WDCs using \$4.0 million of funding in 2020/21. The \$1.7 million is already being used by TEC to support iEB activities.
13. We recommend supporting the TEC to set up the Establishment Unit by allowing them to access the \$4 million in funding already allocated for establishment activities. Allowing the TEC to access this funding to set up the Establishment Unit mitigates the longer timeline for establishing WDCs. It also allows the Establishment Unit to perform some of the activities the WDCs were expected to undertake with this funding in 2020/21, supporting the WDCs to get a 'fast-start' once they are formally established. A single Establishment Unit operating to a single establishment plan can efficiently use the \$4 million to support all iEBs.
14. The TEC would set up the Establishment Unit as part of the RoVE Programme. This change in funding arrangements is a one-off amendment supported by the Ministry because the iEBs have explicitly agreed to an Establishment Unit to perform establishment activities on their behalf.
15. To implement the change in funding arrangements, we have provided your office with an amended letter of delegation that reflects the recommendations in this report [METIS 1245624 refers].

Next steps

16. We recommend that you sign the revised letter of delegation attached as Annex 1 of the accompanying report '*Revised Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils*' [METIS 1245624].
17. If you agree to the above changes and the delegation letter, the TEC will progress with setting up the Establishment Unit immediately.
18. We recommend proactively releasing this report once the letter of delegation has been sent to the TEC.

Annex One - List of establishment activities

The establishment activities performed by the Establishment Unit will be aligned to any processes outlined in each of the six bespoke Orders in Council, tailored to take into account any feedback through consultation. These activities might include, but are not limited to:

- a. Supporting the development of the WDC Establishment Plan;
- b. Supporting the appointment of the first WDC Boards;
- c. Providing a secretariat function;
- d. Developing Te Tiriti capability within WDCs, to give effect to the Māori-Crown partnership (including supporting co-design activities with Māori groups to embed this approach from day one);
- e. Developing position descriptions;
- f. Commencing recruitment processes for WDC General Managers;
- g. Developing key governance and strategic documentation;
- h. Developing (interim) organisational structure;
- i. Developing an (interim) operating model;
- j. Developing policies and procedures;
- k. Developing operational (transition) plans in collaboration with Transitional ITOs and the Transitional ITO transition team;
- l. Developing technology requirements and identifying options for ICT solutions; and
- m. Providing advice regarding office locations, lease and co-location arrangements, properties, etc.