



Education Report: Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

To:	Hon Chris Hipkins, Minister of Education		
Date:	4 June 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1230195
Drafter:	Nicole Rennie	Phone:	9(2)(a)
Key contact and number:	Shelley Robertson	Phone:	[Redacted]
Messaging seen by Communications team:	No	Round robin:	No

Purpose of report

This paper and annex delegate authority to the Tertiary Education Commission (TEC) to administer funding for Workforce Development Council Interim Establishment Boards and Workforce Development Councils (WDCs).

Recommended actions

The Ministry of Education recommends you:

- a. **note** that you agreed to delegate authority to the TEC to fund WDC Interim Establishment Boards and WDCs under section 159F of the Education Act 1989 [METIS 1218242 refers]

Noted

- b. **sign** the attached draft letter of delegation (attached as Annex 1) that, under section 159F(1)(e) of the Education Act 1989, delegates responsibility to the TEC to administer this funding
- c. **agree** that this paper will be proactively released in accordance with the provisions of the Official Information Act 1982.

Agree **Disagree**



Katrina Sutich
Group Manager, Tertiary Education
Graduate Achievement, Vocations and Careers
04/06/2020



Hon Chris Hipkins
Minister of Education
17/6/2020

Funding Workforce Development Council Interim Establishment Boards and Workforce Development Councils

1. On 3 June, you agreed to delegate authority to the TEC to fund WDC Interim Establishment Boards and Workforce Development Councils under section 159F of the Education Act 1989 [METIS 1218242 refers].
2. This authority is delegated through a letter of delegation under section 159F(1)(e) of the Education Act 1989. The proposed letter of delegation (Annex 1) provides the basis for how the TEC will administer the funding.
3. Annex 1 reflects the policy decisions outlined in the education report '*Approach to funding WDC Interim Establishment Boards and Workforce Development Councils*'.
4. We recommend that you sign the proposed letter of delegation attached as Annex 1, to enable the TEC to administer the funding. This should then be sent to the Chair of the TEC Board.
5. The TEC expects to appoint interim board members on 9 June. We recommend signing the delegation before this date.
6. We recommend proactively releasing this report once the letter of delegation is sent to the TEC.

Annexes

Annex 1 – Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn

Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

I am writing to advise you of a delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils (WDCs) during their development period until the end of 2022. WDCs are a foundational component of the Reform of Vocational Education and will provide greater industry leadership across all aspects of the vocational education and training system.

Establishment of WDCs will be enabled by the appointment of six WDC Interim Establishment Boards, one for each WDC. The Interim members will be appointed by the TEC, and each Board will have a primary responsibility to establish its respective WDC through Orders in Council. Once established through an Order in Council, I expect WDCs to work at pace to fulfil their functions as described in the Education Act 1989.

WDC Interim Establishment Boards

The WDC Interim Establishment Boards, hosted by TEC, have the key responsibility for setting up their respective WDCs by 1 October 2020. To support this activity, up to \$1.7 million can be used to fund initial establishment costs for up to nine months from the date of this letter. The TEC may utilise the funding appropriated in the Tertiary Sector/Industry Collaboration Projects appropriation within Vote Tertiary Education.

WDC Interim Establishment Boards formed through the TEC-led appointment process will be eligible for this funding. Interim boards will work to deliver on the activities stipulated in their Terms of Reference.

I expect this funding to be used for those activities directly related to establishing individual WDCs, as stated in the Terms of Reference. Funding will not be given directly to the interim boards. The TEC will administer the funding to cover costs relating to:

- Interim Establishment Board member fees paid in accordance with the Cabinet Office Fees Framework for bodies for which the Crown has an interest (CO 19/1). Members will be entitled to claim a daily fee of \$750. The Chair, in recognition of the additional responsibilities, is entitled to claim a daily fee of \$1,100.

- Reasonable and out-of-pocket expenses incurred in the course of undertaking WDC business for travel, meals, and accommodation on presentation of GST receipts.
- Work carried out, or commissioned by the Interim Board in order to deliver their activities as per the Terms of Reference, with agreement from the TEC
- Secretariat support for the Interim Boards.

Interim Boards must draft an establishment plan outlining the activities their respective WDC will undertake in their first 90 days. Establishment plans must include:

- how WDCs will support their industries in the immediate term in light of COVID-19; and
- demonstrate broad industry support for their plans.

The TEC RoVE Programme must provide guidance on the expected content of these establishment plans. Though the Interim Boards can negotiate these plans on behalf of incoming WDCs, the incoming WDC Establishment Boards will review and approve their respective establishment plan. TEC must only enter into funding arrangements for the WDC, with the established WDC Board itself.

The TEC must be satisfied that Interim Board members are adhering to the terms of their appointments as stipulated by their Terms of Reference.

Interim Boards may be funded for up to nine months, but not past the point at which handover to their equivalent WDC Establishment Board is complete.

I delegate to the Tertiary Education Commission under section 159F(1)(e) of the Education Act 1989 authority to pay funding:

- To WDC Interim Establishment Boards that meet the eligibility criteria;
- To cover the costs relating to the activities mentioned in this delegation;
- of up to \$1.7 million in total for up to nine months.

Established WDCs

WDCs that are established by an Order in Council under section 479 of the Education Act are eligible for funding described in this part of this delegation.

Once established, WDCs will receive funding agreements for the length of time their plan reflects. I expect that after an establishment plan, WDCs will develop a further plan laying out their strategic plans and direction up to December 2022. The TEC must ensure that both these plans demonstrate industry support, and describe how each WDC will support their industries in light of COVID-19.

The TEC must negotiate with each WDC about their proposed further plan and activities and base a final allocation of funding on activities, key deliverables and milestones agreed with the WDC. The TEC must ensure funding takes into account the anticipated level of fixed costs for WDCs. The TEC must also take into account, when negotiating plans, the scale of the industries covered by each WDC, and other factors that the TEC considers relevant.

The TEC will utilise the funding appropriated in the Workforce Development Council appropriation within Vote Tertiary Education. Up to \$42.0 million can be utilised to fund established WDCs in 2020/21, up to \$54.0 million in 2021/22, up to \$32.5 million of \$65.0 million in 2022/23 to 31 December 2022. The TEC will also use up to \$4.0 million from the Tertiary Sector/Industry Collaboration Projects appropriation within Vote Tertiary Education to fund initial establishment costs for WDCs such as change management and governance election costs in 2020/21.

I delegate to the Tertiary Education Commission under section 159F(1)(e) of the Education Act 1989 authority to pay funding:

- To WDCs established under section 479 of the Education Act;
- For the activities agreed to by the TEC in their lodged plans;
- Of up to \$42.0 million in 2020/21, up to \$54.0 million in 2021/22, and up to \$32.5 million of \$65.0 million in 2022/23 to 31 December 2022 from the WDC appropriation;
- Of up to \$4.0 million in 2020/21 from the Tertiary Sector/Industry Collaboration Projects appropriation for one-off establishment costs such as change management and governance election costs.

TEC must require WDCs to participate in cost-benchmarking exercises throughout their development.

I expect the TEC to:

- report to me on the progress of Interim Establishment Boards regularly;
- report to me on established WDCs quarterly, including the progress of negotiations and any issues that may arise;
- publish information on the work of Interim Establishment Boards and WDCs regularly, including a public list that itemises each Interim Establishment Board and WDC that is funded and the amount of funding they have received. The Interim Establishment Board list may cease upon completion of handover to WDCs. For WDCs, I expect their plans to be published publicly.
- work to ensure that WDCs are collaborating with each other and demonstrating how they are maximising efficiency and effectiveness for the use of Government funding.

This delegation applies from the date of this letter until 31 December 2022.

The TEC may exercise any of its administrative functions as required to give effect to this delegation outside of those dates.

Yours sincerely

Chris Hipkins
Minister of Education