Minutes of the Governing Council meeting

KAUPAPA | SUBJECT:	Governing Council Hui
RĀ | DATE:	Thursday 28 November 2024
WĀ | TIME:	8:30am–2.45pm
WĀHI | VENUE:	Teaching Council office, Wellington
MANATŪ KAUNIHERA GOVERNING COUNCIL ATTENDEES:	- Robyn Baker (Pou Whakarae | Chair) - Ripeka Lessels (Pou Whakarae Tuarua | Deputy Chair) - Fiona Ell - Dagmar Dyck - Carol Cheng - Pat Newman - Patrick Walsh - Mike Connor - Elg Anderson (online) - John Tait (online) - Melody Stuckey
KAIMAHI STAFF ATTENDEES:	- Lesley Hoskin (Tumu Whakarae | Chief Executive) - Clive Jones (Deputy Chief Executive | Pou Kaiāwhā) - Pauline Barnes (Deputy Chief Executive | Pou Kaiāwhā) - Tamahau Te Rau (Deputy Chief Executive | Pou Kaiāwhā) - [redacted] (Lead Governance Advisor) - Michael Thorn (Policy / Implementation Manager), [redacted] (Lead Analyst) - item 5.1, [redacted] [redacted] (Senior Policy Analysts) - item 5.2; Ian McEwan (CFO) - items 4 & 7; - Sharon Coulton (GM Relationship Management & Pathways) - item 8
MANUHIRI | GUEST ATTENDEES	[redacted], Audit Manager – Baker Tilly – for item 6
WHAKAPĀHA | APOLOGIES: Lorraine Carr, Karen Coutts	

John Tait opened the meeting with a karakia.

1. In-committee

The Governing Council had In-Committee time.

2. Opening items

2.1 Apologies

The Council noted apologies from Lorraine Carr and Karen Coutts.

2.2 Interest Register

The Council noted the Interest Register and the Chair reminded members to send any changes to the Governance Advisor to update the register.

2.3 Minutes from previous hui

The minutes from the Governing Council meetings on 31 October 2024 were approved as a true and accurate record.

DECISION GC20241128/2a: The Council approved the minutes from the meeting on 31 October 2024 as a true and accurate record of the meeting.

2.4 Action List

The Council noted the Action List and the updated status of action items.

It was agreed to leave 'open' the action item relating to the monthly reporting of Professional Responsibility cases pending further discussion under item 3.3 – Performance Dashboard.

Preliminary comments from the Chair

The Council Chair provided some preliminary comments as context for the meeting and reiterated the following points:

1. in 2022 when it set a three-year fee and levy, the Council committed to undertake a 'wash-up' and to carry forward and adjust any new fees and levy for an under or over collection.
    1. the Council's role includes its legislative responsibilities for investigating and prosecuting conduct matters by members of the profession which incurs ongoing legal costs.
2. the budget approved by the Governing Council in June included additional expenditure for specific projects to accelerate progress against key strategic initiatives.
3. the Council's current financial position includes the additional funding which is available as a result of favourable results over the first two years of the fee and levy setting period ending 30 June 2025 and the accumulated reserves which have built up over time.

The Chair reminded members that the priorities of investment are to continue to maximise the impact of the Council's work and influence and to set the next Governing Council up for the future with a strong work programme aligned with the strategic priorities and a strong financial position to build from.

3. Organisational Performance

3.1 Chief Executive's Report

The Chief Executive's (CE's) report was taken as read. The Council noted and discussed the following:

- the time-bound and complex nature of responding to current pressures in the environment
- ongoing engagement with sector partners on critical issues
- [redacted]

In Confidence, the CE updated on the Minister's recent consultation on a number of proposals with the Teaching Council, including moving ITE functions to the Ministry of Education and the proposed Government Policy Statement.

The CE updated that the Minister no longer intends to lift and shift the Council's ITE functions. However, legislative change will be progressed to:

- create an advisory role for the secretary for Education with respect to the Council's ITE-related functions
- require the Council to include in its annual report how it has had regard to any Statements of Government Policy
- require the Council to consult the Minister on any changes to the Teaching Standards.

It was noted that the Minister can issue a Government Policy Statement following consultation and, with Cabinet approval, introduce legislation on these matters. We are expecting the Minister to provide formal notification in writing and that a public announcement will be made soon.

As part of general discussion, Council members noted persistent challenges around support for neurodiverse learners, stating that resourcing to support inclusive education continues to be a significant issue for schools. There was discussion about what is in the Teaching Council's remit and scope in this area.

The work on the Inclusive Education Capability framework was discussed and the Council Chair reported back on a discussion during Committee-only time on the sequencing of advice from the Council advisory group in this space.

An update on the professional boundaries work was shared, noting that the work underway on developing a suite of learning for teachers is ready for trial. Members reported that issues related to professional boundaries continue to surface in the sector.

Council members provided feedback on what they are hearing from the sector in relation to the contracts for leadership training for prospective and new Principals.

3.2 Issues Register

The Council received the Issues Register and noted the status updates.

3.3 Performance Dashboard

The Council noted the performance dashboard and discussed the operational data and metrics.

A query was raised about the ageing of Disciplinary Tribunal (DT) cases relative to legal costs and it was agreed that the CE would speak with Council members offline to better understand what is being asked for.

ACTION GC20241128/3a: Management to follow up on the request regarding 'ageing' of DT case data.

3.4 Communications Dashboard

The Council noted the Communications dashboard and discussed the positive website metrics.

The Council raised a question about the Teaching Council's continued use of the social media platform 'X' (formerly Twitter) to engage with teachers and whether it is still a platform that the Teaching Council wishes to use.

It was noted that an assessment of channels is part of the wider communications strategy review underway, and this will inform if, and how, the Teaching Council uses the X platform to engage with teachers going forward.

4. Items for Decision

4a. Strategic Financial Overview

The Council Chair framed up discussion of the items for decision and highlighted:

4. the budget approved by Governing Council in June included additional funding for specific projects to accelerate progress against the strategic priorities.
5. some Rauhuia funding is being brought forward into the budget for the 2024/25 financial year
   - the existing reserves policy (due for review in March 2025) specifies the minimum operating reserves required under the current policy and how the level is calculated.
   - the Council's current financial position includes the accumulated operating reserves which are above the minimum specified in the current reserves policy.

- last month's discussion around the Council's ability to utilise surplus reserves to limit any proposed increase in the fees and levy to below forecast inflation, to meet forecast increased DT external legal expenditure costs, and to fund an initiative on digital stakeholder engagement.

6. the future Governing Council has the ability to reprioritize both business as usual and strategic projects spending to adapt to changes in the operating environment (e.g. decline in the number of teachers renewing).

4.1 Reserves Policy – guiding principles

The Council Chair reiterated the following discussion is centred around the guiding principles for determining reserves. The discussion will inform decisions around the specific reserves policy when it is reviewed in March 2025.

Governing Council members noted the paper's key points, including:

- the reasons for operating reserves, including the history of the Teaching Council's reserves policy and how the current level of reserves has been calculated.
- what is typical for 'not for profit' types of organisations such as the Teaching Council.
- comparisons with the reserves policy of other 'for purpose' entities - including professional bodies such as Engineering New Zealand, New Zealand Law Society, and the Nursing Council.
- the published guidance from professional services firms recommending that operating context and key organisational risks should be central to determining the size of reserves to be kept.

Discussion was had around:

- the risk of a reduction in the volume of applications over the three-year fees and levy setting period.
- the low likelihood of requiring all components of the reserves at the same time, which provides further flexibility in the event that application volumes decrease.
- estimates of the reserves level required to address each of the risks identified in the paper, and the RAF Committee's recommendation from 21 November 2024 of an increase in the level of reserves for sector specific needs (based on increased legal fees in case of judicial review).

The CE noted that increased legal costs have already been accommodated in the proposed reserves figure. Council members discussed that since 2022 judicial reviews are no longer covered by insurance and it was agreed from a risk management perspective to increase the sector specific reserve to 600k.

DECISION GC20241128/4a: The Council agreed to increase the Sector Specific Reserve required from $0.500m to $0.600m so that the operating reserve set out in the Investment, Cash, and Reserves Policy should be $4.650m.

DECISION GC20241128/4b: The Council agreed for a separate Transformation / Strategic Projects reserve be established of $2.500m. The use of this reserve would require Governing Council approval and would be considered during the business planning / strategic planning cycle.

DECISION GC20241128/4c: The Council agreed that the Investment, Cash, and Reserves Policy continue to be reviewed on a three yearly basis in conjunction with the development of the strategic plan if not required sooner. The review cycle should be aligned with the fees and levy setting period i.e., review as scheduled in March 2025 and then June 2027 (which will inform the fees and levy modelling for 2028-2031).

4.2 Business case for Digital Stakeholder Engagement

DCE Clive Jones led Council members through a discussion on the high-level business case for investment in digital engagement, and the use of reserves to fund the proposed work, subject to

Governing Council approval of the November financial reforecast for FY2024/25 (to be discussed in item 4.3 below).

It was discussed how investment in digital products and services contributes to the broader impacts of the Teaching Council, noting the Governing Council has previously identified improving engagement with teachers and their perception, awareness and understanding of the role of the Teaching Council as a key strategic priority for the organisation.

The Strategic Stakeholder Engagement Committee (SSEC) Chair recapped that the Lead Advisor Digital Engagement presented key elements of the digital engagement work to the Committee at their hui on 27 November 2024.

The SSEC Chair discussed the longstanding issue of a cohort of teachers unfamiliar with who the Teaching Council are, what we do, or do not see the value of the Teaching Council as their professional body and the SSEC Chair relayed the Committee's support of the business case being presented.

Council members noted that the business case is the culmination of the planning around personalising the Teaching Council's engagement with teachers, providing whole of career value to teachers, and aligning with work in the Rauhuia leadership space.

It was discussed that to achieve these outcomes will require investment over the 2024/25 and 2025/26 financial years in the following digital products and services for teachers:

- Rauhuia - Learning Centre and content development (including leadership content)
- Teaching Council professional portal (includes redevelopment of our existing website)
- Research and insights capability – including teacher voice capability and sector trends to support advocacy purposes.

The Council discussed the proposed business case, with points of consideration being:

- that the focus to date has been on physical outreach and engagement with Principals, Professional Leaders and school leaders to build awareness, visibility and trust. This outreach activity will continue.
- research and anecdotal evidence have indicated that this activity has started to help shift perceptions of the Teaching Council with this audience group.
- physical presentation and outreach is labour intensive and only reaches a small proportion of the teaching profession. The business case for investing in this next phase is beyond the scale of what is achievable with current physical outreach activities.

Members raised that:

- it is important to reach teachers online who aren't present at seminars and conferences and that any approach has to be geared towards specific audiences across the profession.
- whilst there is a role for the Teaching Council as a professional body to support the professional learning development of members it was acknowledged that there is already a lot of existing leadership content, and it will be important to offer something different/ add value.
- the right expertise is critical, and members recognised that this is in place currently with the Lead Digital Advisor.
- fostering a sense of 'community' with teachers via the learning management tool will be important in ensuring teachers stay engaged with the system. Members also noted moderation of any dialogue and cultural safety as important considerations for reciprocal engagement online.

- the framework covers multiple aspects of the strategic plan and enables the different strategic priorities (e.g. Rauhuia, advocacy/engagement, website) to be continued with a future Council but there is a need to ensure a new Council understands the back story to take it forward.

Council members asked about the risk arising from sunk costs in the event the vision is unable to be realised. It was noted that the learning management portal is currently being trialled as a rental which means the only sunk cost is the rental expense and the value of any content created is not lost.

It was acknowledged that major digital projects have inherent risks but that these risks continue to be mitigated through careful procurement and supplier selection processes, and by having digital design and project management skills in place. Overarching project governance processes are also in place to ensure progress, results, and risks are monitored on a regular basis.

DCE Clive Jones reiterated that the project would be undertaken in a phased approach (three stages or horizons), building from piloting new digital products to fully mature versions, with stop-go points built in between phases to allow for governance review and to ensure risks (outcomes achievement, engagement, costs etc) are being carefully managed.

It was discussed that the stop-go points allow for decision making between each major stage and provides opportunities to rescope the project if our operating context changes.

The question was raised about what kind of information the Governing Council would receive at each stop/go juncture. Management undertook to consider what reporting would be available to the Governing Council at each decision point.

ACTION GC 20241128/5a: Management to consider what reporting will be available at each stop-go point between phases to enable Governing Council review and decision making.

DECISION GC20241128/4d: The Governing Council approved the use of up to $1.0 million of reserves to fund the work proposed over the course of FY2024/25 ($0.400m) and FY2025/26 ($0.600m), subject to Governing Council approval of the November financial reforecast for FY2024/25.

4.3 Financial reforecast for FY2024/25

The Governing Council were briefed on the updated forecast for the financial year ending 30 June 2025, and noted the following points:

- there is a deficit budget as per the modelling across the triennial period.
- there is a forecast increase in the deficit compared with the approved budget.
- the expected increase in revenue is offset by an increase in expenditure arising primarily from:
  - ongoing legal expenditure associated with disciplinary tribunal matters, and digital platform implementation (item 4.2 above, $0.400m).
  - ring-fenced Rauhuia funding from FY23 and FY24 being carried forward
  - carrying forward the timing impact of the Hapori Matatū mid-life upgrade project

It was discussed that regular monitoring and reporting of financial performance allows for material variances in revenue and expenditure to be identified and development of the new performance reporting framework is allowing for better measures on delivery of strategic outcomes and impacts.

It was noted that the forecast has included the increased fees and levy received in the first quarter (and does not factor in additional fees and levy income in October and November). Increased fees and levy could be due to application timing, and we are likely to see lower than expected revenue in subsequent months.

The Chief Financial Officer (CFO) noted that we are looking to undertake a specific forecast on fees and levy income based on the first six months of the financial year to bring to the Governing Council in February meeting (in addition to regular forecasting in November and April) to provide a clearer picture of whether the additional fee and levy income is permanent or a timing issue.

DECISION GC20241128/4e: The Governing Council reviewed and approved the recommended forecast.

5. Items for Discussion

5.1 ITE – Induction and Mentoring

DCE Pauline Barnes provided background context to proposed changes to induction and mentoring, noting that the team have brought a range of evidence together with a view to formulating a strategy in this space:

- giving a stronger focus on expectations for programme content and structure
- supported by a national structure and local framework of support 'at site' through induction coaches
- providing greater consistency in programme content delivery and in assessment of readiness to move to a full practising certificate

Council members asked about the existing professional growth cycle (PGC) and how Provisionally Certified Teachers (PCT) fit into the process, and provided comments on the proposed approach, indicating:

- there are positive retention outcomes for the profession from investment in induction and mentoring alongside enhancing the quality and wellbeing of the teacher
- there is international evidence on what makes a successful system
- support for the approach of having a national structure balanced with localised resources
- the benefits in engaging teaching unions around this topic.

Council members discussed the possible options for a staged approach, noting that each approach needs to ultimately lead to full implementation to avoid inconsistency across the system.

DCE Pauline Barnes noted that policy iterations on ITE and induction and mentoring will continue in 2025, as will a refresh of the standards. Work will progress on development of the framework and content for an induction programme and reviewing assessment criteria for moving to full certification.

The Council Chair switched to agenda item 6 at this point in the meeting to enable the Audit Manager from Baker Tilly to join the hui at 12.30pm.

6. Annual Report – [redacted] Audit Manager, Baker Tilly

The Governing Council noted that there have been no changes to the draft 2023/24 Annual Report presented to the 31 October 2024 Governing Council meeting.

It was noted that the draft 2023/34 Financial Statements are awaiting final audit clearance from the auditor (Baker Tilly), and that the auditor has not yet provided the wording for the Letter of Representation.

[redacted], Audit Manager from Baker Tilly joined the meeting to discuss preliminary audit findings with the Governing Council, noting:

- the audit team are in the final stages of completing the audit of the draft 2023-24 Financial Statements.

- the audit team have shared proposed adjustments (minor presentational changes) with the Teaching Council's Chief Financial Officer, none of which impact the result of the audit.
- one area of inquiry is being followed up to confirm no related party disclosures are required.
- a couple of areas for improving internal controls have been recommended.

Council members noted that the auditor will issue a Management Letter following completion of the audit and that this will be provided, together with any management responses to issues raised, to the RAF Committee when it is available.

The Council noted that two members of the Governing Council are required to sign and submit a Letter of Representation to the auditor before the auditor will issue their audit opinion, and that the Chief Executive and Chief Financial Officer will sign and provide an equivalent Letter of Representation to the two nominated members of the Governing Council.

The Risk, Audit, and Finance Committee (RAF) Chair confirmed that at the 21 November hui the Committee agreed, subject to receiving written clearance from Baker Tilly, to recommend that the Governing Council approve the final Annual report including any changes that may be necessary following completion of the audit, and to delegate authority for signing the relevant documentation (listed below) to the Governing Council Chair and the Chair of the RAF Committee.

DECISION GC20241128/6a: The Council agreed to delegate authority, subject to receiving written clearance from Baker Tilly to the Governing Council Chair and Chair of the Risk, Audit, and Finance (RAF) Committee to:

a. sign the Letter of Representation to the auditor
b. sign the Statement of Responsibility for the financial statements
c. approve the final Annual report including any changes that may be necessary following completion of the audit.

The Council Chair noted that once it is finalised, the Annual Report is required to be presented to the House of Representatives (section 483(2) of the Education and Training Act 2020) and filed with the Charities Commission. It was noted we have taken the precaution of getting an extension from Charities Services until the end of January to lodge the Council's annual return.

5 Items for Discussion - continued

5.2 Draft consultation paper on fees and levy

The Governing Council noted the approach and timeline for consultation on the fees and levy.

The Chief Financial Officer (CFO) summarised the key areas of the consultation document, noting the focus is on what the Council plans to do in the next period (e.g. greater advocacy for the profession) and on changes to our cost assumptions since 2022 including contextual impacts such as inflation.

Council members noted there would also be value in outlining in the draft consultation document what has been achieved to date across a range of areas.

Members acknowledged that, legally, the Teaching Council must consult with teachers and take their views into account on any proposed change to the fees and levies but queried whether the term 'communicate' could be used instead of 'consult'. Management noted that legal advice would need to be sought to determine any change to the word 'consult'.

Members provided feedback on the questions included in the draft consultation, suggesting the questions would be better focused on soliciting different types of information/answers from the profession.

There was discussion about leveraging the success of the videos which had been done as part of the strategic plan consultation, but overall members determined that videos were not a preferred approach.

Council members agreed to a layered approach to the consultation materials with a short and succinct summary document of about two pages which links to a longer, more detailed document for readers to access if they wish.

Council members agreed that the consultation document should be socialised with peak bodies and those members associated with peak bodies noted their willingness to help in face-to-face consultation with this engagement.

The Council noted that further development of consultation materials will proceed with a final package of information to be presented for approval in February 2025

The Council noted that consultation and analysis of submissions is likely to be February to April 2025 – with a report back to the Governing Council in May 2025 on the analysis of submissions and to confirm the final fees and levies.

DECISION GC20241128/5a: The Council approved the layered approach to the consultation materials.

DECISION GC20241128/5b: The Council approved the draft consultation framework as laid out in the consultation document and draft consultation questions for ongoing development.

7 Finance

7.1 Finance Reporting

The Governing Council received the finance reports for the period ending 31 October 2024.

The CFO reiterated that this reporting is against the approved budget. With the revised forecast being approved earlier in the meeting (in item 4.3), reports for YTD November and the remainder of the year will be reported against the forecast.

The CFO highlighted the following summary points from the finance report:

- interest rates are dropping.
- practising certificate volumes are matching or exceeding those for the same period in 2023, despite 2023 being a peak year, vacancies are generating minimal savings against budget that are being swept to meet cost pressures across the Council, and legal expenses related to conduct matters are significantly higher than anticipated.
- increased fees and levy are predominantly related to overseas applications with over 1,200 applications received in the first four months of the year.

7.2 Business Plan – Q1 update

The Council received the Quarter 1 business plan update and noted the usefulness of the format.

7.3 Cybersecurity report

The cybersecurity report was taken as read and it was agreed that a more in-depth cybersecurity discussion will be scheduled on the agenda for February's Governing Council meeting.

7.4 Any other matters from RAF Committee

There were no other matters for discussion from RAF Committee.

8. Strategy, Engagement and Evaluation

8.1 Progress update on 2024 Stakeholder Engagement Action Plan

The Council noted the update and progress report on the key activities within the 2024 Stakeholder Engagement Action Plan.

[redacted]

8.3 Election promotion – verbal update

The Council received the paper and noted updates on nominations progress, elections communications and the TRA Research on voting behaviour.

8.4 Engagement tracker

The Council noted the engagement tracker and updated list of engagements.

8.5 Any other matters from SSEC

There were no other matters for discussion from SSEC Committee.

9. Governance

Chief Executive – report back from Public Leadership in the Digital Age

The Chief Executive reported back to Council members on the recent conference on Public Leadership in the Digital Age and summarised key points and questions to consider at a governance level, including:

- the complexity of terms associated with the field of artificial intelligence (AI)
- different functionalities and applications of the technology which are becoming our norm
- the risks inherent in the development of AI technologies, including ethical use considerations
- capability building and the use of multi-disciplinary teams to keep pace with the change
- procurement of AI and risk management

ACTION GC20241128/9a: Governance advisor to circulate the Chief Executive's summary notes on AI to Council members for their information.

9.1 Governance Charter - review

The Chair reminded the Council of the need to consider any amendments to the Governance Charter, taking into consideration the independent governance review undertaken by BoardWorks in July 2024.

Members provided some verbal feedback and were asked by the Chair to provide any further comments or feedback by email to the Governance Advisor for incorporation into the updated Charter.

It was noted the revised Charter will take effect from 1 January 2025 and will be reviewed annually in November at each calendar year's last scheduled meeting to ensure it remains consistent with the Governing Council's objectives and responsibilities.

9.2 Proposed Governing Council meeting dates for 2025

The calendar of proposed meeting dates for the Governing Council, and Committee meetings from January to June 2025 was tabled.

The Council Chair suggested that a Governing Council dinner be held in February after the half day strategy session (on 26 February 2025).

John Tait closed the meeting with a karakia.

[redacted]

Signed: Approved by the Governing Council on 27 February 2025

Robyn Baker, Chair