



# Briefing report

## Education Review Office (ERO): Establishing the Independent Children's Monitor at ERO

Date	7 March 2022
Security Level	N/A
ERO Priority	High
ERO Reference	M22-7
Date requested	ERO initiated
Date due	ERO initiated
Proactive release	Not recommended

Addressee	Action sought	Deadline
<b>Minister of Education</b>	It is recommended that you:	
	a) <b>Agree</b> to sign the Report to joint Ministers.	
	b) <b>Agree</b> to forward the signed report to the Minister of Finance and Minister for Social Development by 9 March 2022 requesting sign-off by 18 March 2022 to allow this submission to meet Budget 2022 deadlines.	9 March 2022
	c) <b>Agree</b> that if Ministers agree to recommendation c) that the Education Review Office submit a Technical Initiative in Budget 2022 to transfer funding from 2021/22 to 2022/23 to provide some funding for next year.	18 March 2022
	d) <b>Note</b> a report back will be provided to Ministers in March 2022 on the progress of the transition.	
	e) <b>Agree</b> that this briefing and report are not proactively released at this time as decisions relating to the ICM are under active consideration.	

**Attachments:**

**Education Review Office (ERO):**

**Briefing letter:** New appropriation for the Education Review Office to establish the Independent Children's Monitor as a departmental agency

**Joint Ministers Report:** Establishing the Independent Children's Monitor at ERO

Minister's Office to complete	
Noted	<input type="checkbox"/>
Seen	<input type="checkbox"/>
Approved	<input type="checkbox"/>
Referred to:	
Date signed by Minister:	

**Comments:**



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Our Ref: M22-7

7 March 2022

**Hon Chris Hipkins**  
**Minister of Education**

**New appropriation for the Education Review Office to establish the Independent Children's Monitor as a departmental agency**

**Purpose**

1. This paper seeks your approval to:
  - a. Create a new appropriation within Vote Education Review Office for the Education Review Office (ERO) to host the Independent Children's Monitor (ICM) departmental agency.
  - b. Transfer funding from Vote Social Development to Vote Education Review Office for the new appropriation.

**Background**

2. In May 2021 Cabinet decided to establish a new departmental agency to independently monitor the Oranga Tamariki system [CAB-21-0153.01 refers]. The agency, currently known as the Independent Children's Monitor (ICM) is to be hosted by ERO.
3. The Oversight of Oranga Tamariki System and Children and Young People's Commission Bill (the Bill) which was introduced into Parliament on 8 November 2021. It is expected that the Bill will progress through Select Committee in the first half of 2022. ERO and ICM are working towards the establishment and transition of the ICM in late 2022.
4. No funding was allocated to ERO's costs in establishing the ICM at the point the Cabinet decision occurred. The decision noted that Budget decisions would be made subsequently. ERO was unsuccessful at securing funding through Budget 2022.

**New appropriation**

5. The costs incurred by ERO relating to the ICM are outside the scope of ERO's appropriation (Vote Education Review Office: Evaluations of the Quality of Education). Therefore, a new appropriation is needed.
6. CO (18) 2 s60 allows for technical approvals by joint Ministers "necessary to give effect to policy and funding decisions already taken by Cabinet". This includes the establishment of appropriations.

7. This appropriation is to meet costs ERO will incur to establish the ICM therefore I recommend you be the appropriation Minister. A new ICM appropriation will be created before the transfer and establishment of the ICM as a departmental agency under ERO and the appropriation Minister will be assigned to the Minister responsible for the ICM.
8. The proposed appropriation is:

<b>Vote</b>	<b>Appropriation Minister</b>	<b>Appropriation Administrator</b>	<b>Title</b>	<b>Type</b>	<b>Scope</b>
Education Review Office	Minister of Education	Education Review Office	Establishing the Independent Children's Monitor	Departmental Output Expense	This appropriation is limited to establishing the Independent Children's Monitor as a departmental agency hosted by the Education Review Office

#### **Funding for 2021/22 and 2022/23**

9. ERO has a constrained baseline and is unable to fund the new appropriation internally without a decrease in outputs.
10. The ICM unit and Ministry of Social Development have identified that there is savings within the ICM of \$1.5 million in 2021/22 that can be transferred to support ERO in preparation. These savings result largely from a delay in the Bill. Under original timeframes, it had been expected that legislation would have been passed in 2021. Delay in the progress of the Bill has meant delays to some establishment activities (including growing the ICM to meet monitoring obligations under the Bill) and expenditure associated with this.
11. The \$1.5 million transfer will be used for:
  - a. Assessment and preparation of ERO systems (information technology, information management, human resources and finance) to host the ICM.
  - b. Designing ERO's corporate operating model
  - c. Temporary specialist resources to support the project, including legal and finance. ERO does not have inhouse expertise or does not have capacity to ensure successful project support in these areas.
12. A fiscally neutral transfer between Vote Social Development and Vote Education Review Office can occur across 2021/22 only<sup>1</sup>. Due to the timing of approvals and currently challenges in securing resource, it is expected that some funding will fall into 2022/23. ERO can submit a technical initiative through Budget 2022 to transfer funding from

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<sup>1</sup> Under CO 18 (2)

2021/22 to 2022/23. Technical Initiatives are approved as part of the Budget 2022 process and provide agencies with greater flexibility to transfer funding.

13. Due to Budget 2022 deadlines decisions relating to 2021/22 must be confirmed by mid-March to allow these to be captured in the 2021/22 Supplementary Estimates. This is the last opportunity to adjust 2021/22.

#### **Future funding requirements**

14. The \$1.5 million transfer will inform future requirements relating to:
  - Investment in systems.
  - Ongoing support levels required.
15. Further one-off funding may be available through a capital to operating swap as the ICM is likely to have surplus capital. ERO and ICM will explore options as it progresses the transfer.
16. As part of its work programme, ERO will identify future cost pressures relating to the hosting of the ICM and update Ministers. In the first instance these should be met from the departmental output expenses established for the independent monitoring and assurance of the Oranga Tamariki system.

#### **Consultation and Proactive Release**

17. The ICM unit, MSD and the Treasury have been consulted on these proposals and support them.
18. The format of the Report reflects Treasury's advice.
19. It is not recommended that this paper be proactively released as it may inform future budget submissions.

#### **Further update on the ICM**

18. A report back with a detailed plan for establishing the ICM as a departmental agency will be provided to Ministers in March 2022 (refer to briefing REP/21/12/1383).

#### **Recommendations**

20. It is recommended that you:
  - a) **Agree** to sign the Report to joint Ministers. **Agreed** Disagreed
  - b) **Agree** to forward the signed report to the Minister of Finance and Minister for Social Development by 9 March 2022 requesting sign-off by 18 March 2022 to allow this submission to meet Budget 2022 deadlines.
  - c) **Agree** that if Ministers agree to recommendation c that the Education Review Office submit a Technical Initiative in Budget 2022 to transfer funding from 2021/22 to 2022/23 to provide some funding for next year. **Agreed** Disagreed

d) **Note** a report back will be provided to Ministers in March 2022 on the progress of the transition.

**Noted**

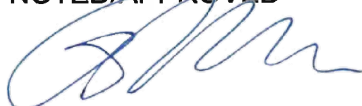
e) **Agree** that this briefing and report are not proactively released at this time as decisions relating to the ICM are under active consideration.

**Agreed/Disagreed**



Nicholas Pole  
**Chief Executive**

NOTED/APPROVED



Chris Hipkins  
**Minister of Education**

08 / 03 / 2022