

Aide-Memoire: Tertiary Education Commission's Operational Readiness for RoVE

To:	Hon Chris Hipkins, Minister of Education
From:	Gillian Dudgeon, Deputy Chief Executive, Delivery
Date:	21 June 2021
Reference:	AM-21-00254

Purpose

1. This Aide Memoire provides you with an update on the Tertiary Education Commission's (TEC's) progress in implementing operational change, in response to and in support of, the Reform of Vocational Education (RoVE) programme. The reporting in this Aide Memoire focusses on the internal processes of TEC as these relate to the new RoVE institutions.
2. We intend to update you regularly on progress. Please note that this update will be complementary to, but separate from, reporting provided to you by the RoVE programme.
3. This is our first update and we would appreciate your feedback on the content of the report to ensure the information is of value to you.
4. We recommend that this paper is proactively released.

Background

5. RoVE is driving significant structural and operational change to the vocational education sector.
6. The TEC, as a primary stakeholder in RoVE, will support both the establishment and long term operation of the entities within the reformed vocational education sector. The TEC has established a dedicated internal RoVE design and implementation project team to determine, develop and implement the changes required within TEC's operating model to support RoVE.
7. Our work includes immediate activity to fund, monitor and engage with the new entities; and activity to support the mid-term RoVE change, for example incorporating Workforce Development Council (WDC) and Regional Skills Leadership Group (RSLG) advice into TEC funding decision processes. It also includes ensuring that TEC teams have the knowledge and processes required to support the achievement of the longer term outcomes of the RoVE change.
8. The project's current focus is on supporting the establishment of WDCs and the transition of functions from Transitional Industry Training Organisations (TITO) to WDCs. We are also supporting the early mover TITOs to transition their arranging training function in to receiving providers.

Key TEC Board Decisions to support ROVE changes

9. Key decisions, for the purposes of this Aide Memoire, are defined as those made by the TEC Board in relation to TEC's core business functions, as these relate to the RoVE entities.
10. Key decisions were taken at April and May Board meetings include :
 - a. approval to release the remaining \$33million of ring fenced funding for 2021 with support for Te Pūkenga to request additional funding throughout 2021 if enrolments exceed current forecasts; and
 - b. approval of the indicative 2022 allocations for all providers based on current 2021 funding adjusted for all Budget 2021 impacts. These have now all been communicated to the sector.
11. At its June meeting the Board:
 - a. agreed to the "receiving providers" for the transfer of "arranging training functions" for Competenz and Connexis;
 - b. confirmed the transition plans for Competenz and Connexis together with endorsement of the eleven Workforce Development Council (WDC) transition plans to support standing up all of the WDCs to be operational in October; and
 - c. gave approval for the transfer of existing funding allocations to the new arranging training providers agreed to in the plans

Project Workstream update

12. The current project work has been divided into two workstreams:
 - Analyse information and design reports ;
 - Design and implement the funding approach and modelling;

Analyse information and design reports

This workstream works with WDCs and RSLGs to design the purpose, structure and content of RoVE related reports that will be produced externally (by WDCs and RSLGS) and used by TEC. This workstream also ensures that these reports are designed in a way that enables the data and information to be used to inform TEC funding decisions and other TEC work such as engagement and careers advice.

13. This month work has focussed on supporting the WDC Establishment Unit and MBIE to design the future WDC and RSLG reports. There has been good engagement between the parties. Design principles are being developed and stakeholder needs are being identified, along with existing data sources.
14. We are determining the optimal phasing of the reports to inform TEC investment and careers processes, as well as the needs of other users. The design of the reports will iterate overtime as the needs of the users change and the data capability of the various institutions develops.

Design and implement funding approach and modelling

The purpose of this workstream supports the implementation of funding for new entities and functions, the mechanisms for transferring existing funding and supports the integration of RSLG and WDC funding into TEC's investment processes. It also includes setting up the processes by which the WDCs will be monitored and engaged with throughout their lifecycle to ensure they meet their intended outcomes.

WDCs

15. Work to support the revision of the existing WDC funding delegation is underway to provide WDCs and the Establishment Unit with greater certainty on how the funding is to be used during the early establishment of WDCs. This will also ensure continuity of funding so that key activities can proceed without delay.
16. The TEC and the WDC Establishment Unit are developing WDC establishment plans and funding agreements, both built around a new funding model which is being developed concurrently. We anticipate the TEC Board approving these plans and agreements in August 2021. The key dependency in achieving this timeline is approval by the WDC boards of their respective plans at their first meetings in July 2021.
17. The plans will cover the period through to June 2022 with an establishment focus primarily on activity through to December 2021, but some establishment activity will necessarily extend into 2022.

TITO transitions

18. Panels in conjunction with NZQA have been established to assess the transition plans for the first TITOs to transition their 'arranging training' functions. The process to transition funding and reporting for 'arranging training' and other activities from TITOs to receiving providers is being developed, with the first TITO due to transition at the beginning of August 2021.
19. TEC will be using its existing funding, reconciliation (wash up) and student record processes to support the smooth transition of TITO arranging training functions from one provider to another. As part of this process some temporary waivers of performance adjustments have been approved to help facilitate a smooth transition.
20. We are also supporting the TITO transition project and WDCs through their transfer of their qualification standards functions to WDCs. We are currently working to the date of 4 October 2021 for this transfer.

Te Pūkenga

21. Engagement with Te Pūkenga is underway to support the transition of 'arranging training' from TITOs. This includes the provision of funding for 'arranging training' in 2021 and developing the funding approach for 'arranging training' in 2022.

TEC Core Business update

Investment process redesign

22. The implications of the new Tertiary Education Strategy in conjunction with the changes required to support ROVE have led TEC to initiate a project to look at how the overall Investment process should be redesigned to ensure it maximises the opportunities to leverage the changes.
23. This work covers the underlying Investment Strategy through to the new processes required to support the role of WDCs and RSLGs in the new vocational investment system. This work is being phased to ensure new information is incorporated into funding decisions and conversations with the sector on provision needs as early as possible.

Te Pūkenga

24. New transitional processes are being developed with Te Pūkenga for ongoing Investment funding recognising that TEC will now fund Te Pūkenga directly and not individual subsidiaries. The transitional process is required as Te Pūkenga's back-end systems that support this approach are yet to be fully integrated.
25. The TEC is continuing to develop and adjust its monitoring approach for Te Pūkenga as required. We provided our first monitoring report to you on Te Pūkenga in April (AM-21-00173 refers). Our key focus over the coming months is to work with Te Pūkenga to improve the format and content of its reporting and the development of a critical path so that we can accurately monitor whether it is on track to meet key milestones. Further work on the TEC's monitoring approach will be needed as the design of Te Pūkenga's operating model becomes clearer later this year.



Gillian Dudgeon

Deputy Chief Executive, Delivery,
Tertiary Education Commission

21 June 2021



Hon Chris Hipkins

Minister of Education

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This is a good start. It would be useful for future reports to focus more on what the changes mean for TEC rather than the work TEC is doing on changes for other entities.