



Education Report: Delegation to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils

To:	Hon Chris Hipkins, Minister of Education		
Date:	2 June 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1229814
Drafter:	Phil Wise Nicole Rennie	Phone:	s 9(2)(a)
Key contact and number:	Shelley Robertson	Phone:	
Messaging seen by Communications team:	No	Round robin:	No

Purpose of report

This paper and annex implement the Budget 2020 initiative to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils.

Recommended actions

The Ministry of Education recommends you:

- a. **note** that Cabinet agreed on May 11 to \$16 million of funding to be appropriated to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils

Noted

- b. **agree** that up to \$16 million of funding from the Tertiary Sector / Industry Collaboration Projects appropriation in Vote Tertiary Education be delegated to be used by the Tertiary Education Commission to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils

Agree Disagree

- c. **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 Tertiary Education Commission to administer this funding

d. **agree** that this paper will be proactively released.

☒ **Agree** ☐ **Disagree**



Katrina Sutich
Group Manager, Tertiary Education
Graduate Achievement, Vocations and Careers

2/06/2020



Hon Chris Hipkins
Minister of Education

23/ 6 /2020

Background

1. On 11 May 2020, Cabinet agreed to \$16 million of funding being used to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations (TITOs) and Workforce Development Councils (WDCs).
2. As part of the Reform of Vocational Education, Industry Training Organisations (currently TITOs) are transitioning into WDCs, with some functions of TITOs moving to education and training providers. In some cases the WDCs and TITOs will be working together, while in others one entity will be handing over the work to the other. This will be determined by approved transition plans developed by TITOs.

Providing funding for COVID-19 response projects led by TITOs and WDCs

This funding is to be used by TITOs and WDCs to support the recovery of industry from the impacts of COVID-19

3. This Budget initiative provides funding for projects led by TITOs and WDCs, involving industries, industry groups and training providers, to:
 - undertake planning in collaboration with industry and providers to determine projects;
 - understand, determine and prioritise the necessary skills responses, training and pathways;
 - review existing industry skill standards and programme components;
 - undertake other related activities that align with the purpose of the funding;
 - design work related to the proposals determined from any of the above activities.
4. This work will provide a clear direction for how training can contribute to economic recovery, and establish priorities for investment. Asking TITOs to initiate this work will allow the work to start immediately, while WDCs are established. This will ensure focus, and links with industries and providers will stay in place during the transitional period of functions moving from TITOs to WDCs.

How TEC will administer the funding

5. To implement this Budget proposal, we have written the attached letter of delegation to the Tertiary Education Commission (TEC), delegating responsibility to the TEC to administer the funding. The proposed letter of delegation provides the basis for how the TEC will administer the funding.
6. TEC will work with the TITOs in the first instance to pull together projects. The TITOs will have to apply to the TEC for funding, but the intention is for the process to minimise resources dedicated to funding applications and focus resources on working with industry and providers. It is possible that some initial funding will be provided for the purpose of developing some of the projects, before a decision is taken on a fully developed proposal.
7. The Budget initiative was costed using the assumption that \$1.5 million would be allocated to each of ten projects. We recommend that the TEC have the flexibility to take into account the size and complexity of the proposed projects when allocating funding.

TEC will set appropriate milestones for the projects in its funding agreements with TITOs and/or WDCs

8. We want to ensure that the projects are focussed on engaging with industry and providers. However TEC will need a means by which they manage funding agreements with the TITOs. We anticipate that milestones will be linked to the outputs which industries and providers identify as necessary to support the contribution of vocational education and training to the relevant industries' economic recovery.
9. The TEC will report to you regularly on the projects it has funded and the work to review skill standards and programme components, including the outputs the projects have identified.
10. The letter also directs TEC to set conditions to ensure that the projects include industries and the relevant providers. The TEC will also publish a public list of the projects it has funded, including a short description and the contributing industries, providers and other entities.

Financial Implications

11. We recommend using up to \$16 million of funding from the Tertiary Sector / Industry Collaboration Projects appropriation within Vote Tertiary Education. Up to \$3.00 million can be used in 2019/20, \$10 million in 2020/21, and \$3 million in 2021/22.

Next steps

12. 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.
13. The TEC has undertaken initial discussions with TITOs and expect to begin to work with interested TITOs in the coming weeks, as funding is available in the current financial year. Part of the early work will identify whether it will be necessary to transfer any of this funding into the next financial year in line with the likely activities of TITOs as the projects begin to shape up. We have drafted the delegation to allow for this possibility.
14. We recommend proactively releasing this report once the letter of delegation is sent to the TEC.

Annexes

Annex 1 – Letter of delegation to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils



23 June 2020

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

Dear Jenn

Delegation to provide funding for COVID-19 response projects led by Transitional Industry Training Organisations and Workforce Development Councils

I am writing to advise you of my delegation of responsibility to the Tertiary Education Commission (TEC) for administering funding for COVID-19 response projects led by Transitional Industry Training Organisations (TITOs) and Workforce Development Councils (WDCs).

Purpose of the funding

The purpose of this funding is to support TITOs and WDCs to lead COVID-19 response projects to support the recovery of industry from the impact of COVID-19.

Use of the funding

This funding is to be used by TITOs and WDCs to support the recovery of industry from the impacts of COVID-19 by doing any or all of the following:

- undertaking planning in collaboration with industry and providers to determine projects;
- understanding, determining and prioritising the necessary skills responses, training and pathways;
- reviewing existing industry skill standards and programme components;
- undertaking other related activities that align with the purpose of the funding;
- design work related to the proposals determined from any of the above activities.

Project scope and expectations

I expect the TEC to operate a process to allocate funding to TITOs and WDCs. This will be in collaboration with TITOs in the first instance, and WDCs during their establishment and once established. The TEC may use funding allocated under this delegation to enable TITOs to carry out initial planning activities for projects.



I expect the projects to be directed at achieving the following, with the emphasis of any one project being placed according to the needs of the relevant industry or industries:

- undertake activities that meet the purpose and intent of the funding
- provide outputs that create confidence from industry, businesses, learners and providers in the training and training pathways that will result in positive outcomes and best support the skill needs of industry
- provide clear priorities to inform the TEC's investments in education and training, including priorities to fund products with industry endorsement
- provide information to WDCs, at the appropriate time, to support their advice to the TEC
- involve industries, industry groups and providers to develop common understandings of how industry sectors may recover from COVID-19 and how this recovery can be supported. This includes both regional and industry-wide training responses to support recovery from COVID-19
- work with providers on how to implement alternative arrangements for apprentices who have lost jobs, for example, interim learning solutions
- work with providers to design learner pathways, supported by industry, that support the likely recovery paths of industries
- contribute to the transition of TITO functions to WDCs and providers, including potential transfer of the projects to WDCs where appropriate.

The TEC may determine the core requirements of all projects. Projects may have a sole aim of developing the scope of further work to be undertaken. The output from one of these projects may be to seek additional funding through this fund.

One or more projects may be responsible for reviewing the fitness of existing standards and programme components to be used for micro credentials and other short-term learning solutions. If the relevant project is a project solely focussed on reviewing existing education products, this work must link closely to, and support, the work being undertaken by the other projects

I expect the TEC to work collaboratively with TITOs and WDCs to agree the scope and objectives of funded projects.

Funding under this delegation must not be used to fund activities, that may follow on from projects funded under this delegation, where such activities are funded by the TEC through other funding mechanisms or delegations, for example the delivery of programmes and courses.

Collaboration with relevant stakeholders including industry and providers

The involvement of industry and providers is crucial to achieving project outputs that support confidence in the resultant training and skills pathways, products and other outputs. To facilitate this, the TEC must attach conditions on the funding for projects to ensure that they include the involvement of industries and the relevant providers. In addition, projects initially



led by TITOs should involve WDCs once available, including any establishment groups appointed prior to the formal establishment of WDCs.

Details of the delegation

This delegation will utilise funding appropriated within the Tertiary Sector / Industry Collaboration Projects appropriation in Vote Tertiary Education. Up to \$16 million is available for the projects through to the end of 2021/22, although I anticipate the bulk of the funding to be allocated in 2020/21.

I delegate to the TEC (under section 159F(1)(e) of the Education Act 1989) authority to pay funding to TITOs and, if transferred, to WDCs to lead the projects. Funding is costed on the basis of a budget of \$1.5 million for each of ten projects. However, the TEC can be guided by the size and complexity of the proposed projects in allocating funding to them. TITOs, industry and others may contribute towards costs and in-kind expenses.

I expect the TEC to:

- develop and publish funding conditions that include a condition or conditions to state that funding may be recovered from TITOs and/or WDCs (as relevant) if it has not been, or is not being, used or used appropriately, including where conditions on funding are not met;
- negotiate milestones for the projects to be included in funding agreements that align to the purpose of the fund, and are linked to the scope of the project and use of the funding;
- report to me regularly on the projects it has funded, including the work to review skill standards and programme components and the achievement of key milestones; and
- publish information on the projects it has funded, including a public list that itemises for each project, its name, a short description, and contributing industries, providers and other entities.

This delegation applies from the date of this letter until the projects end. Funding is not available beyond the 2021/22 financial year.

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

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH', over a large, faint 'Draft' watermark.

Hon Chris Hipkins
Minister of Education