

## **Education (Proposed Investment Plans: Content & Submission; Assessment Criteria; and Plan Summaries) Notice 2020**

27 February 2020

Pursuant to sections 159R, 159Y, and 159YO of the Education Act 1989 (“Act”), the Tertiary Education Commission (TEC) gives the following notice.

### **Title**

This notice may be cited as the Education (Proposed Investment Plans: Content & Submission; Assessment Criteria; and Plan Summaries) Notice 2020.

### **Commencement**

This notice applies from the date of its publication.

### **Application**

This notice revokes and replaces the following notice:

- the Education (Proposed Investment Plans: Content and Submission; Assessment Criteria; and Plan Summaries) Notice 2019, published in the [New Zealand Gazette, 28 March 2019, Notice No. 2019-au1353](#).

This notice does not apply to institutes of technology and polytechnics (ITPs) constituted under section 222AA of the Education Act 1989. A further Gazette notice setting out the content, submission, assessment criteria, and plan summaries for ITPs will be published later this year.

### **Introduction**

A number of the funding mechanisms determined by the Minister of Education under section 159L of the Act specify funding to be paid by the TEC to fund eligible tertiary education organisations (TEOs) via investment plans (“Plans”).

Therefore, to be eligible to access TEC funding under those funding mechanisms, all TEOs are required to submit a proposed Plan (unless the TEC has exempted a TEO from the requirement to submit a proposed Plan in accordance with section 159U of the Act).

All proposed Plans should have a three-year planning horizon. The TEC may decide to fund the tertiary education programmes and activities described in a proposed Plan for a period of one, two, or three years.

Previous allocation of TEC funding does not entitle a TEO to future funding at any level from the TEC.

Pursuant to the Act, the TEC gives public notice of the following:

1. Section 159R:
  - a. the content of TEOs’ proposed Plans (being the particular matters that proposed Plans must address or include in order to meet the requirements in section 159P);
  - b. the kinds of background or supplementary information that the TEC requires a TEO to provide in relation to a proposed Plan; and
  - c. the timetable and process for the submission of proposed Plans to the TEC.
2. Section 159Y: the criteria that the TEC will use to assess proposed Plans to determine if a TEO’s Plan will receive funding approval.
3. Section 159YO: the matters that a TEO that has a Plan must include in its Plan summary.

The amount of detail in the proposed Plan will vary depending on the size and complexity of the TEO submitting the Plan. A TEO has the option of using the Investment Plan template to assist with developing the proposed Plan.

## **1. Content of TEOs’ Proposed Plans**

### **A. Content**

#### ***Mission and role***

Pursuant to section 159P(c), the TEO must describe its mission and role for the term of the proposed Plan. In particular, the TEO must specify its role within the overall network of provision and provide evidence of how it will give effect to the Treaty of Waitangi (“Treaty”) during the term of the proposed Plan.

If the TEO is a tertiary education institution (TEI), it must provide evidence of how its Council acknowledges the principles of the Treaty in the performance of its functions and in the exercise of its powers.

A TEO's proposed Plan must demonstrate that the TEO has developed a sustainable plan for fulfilling its specified mission and role through its programmes and activities.

### **Addressing the needs of stakeholders and contribution to Government priorities**

Pursuant to section 159P(b) of the Act, the TEO must describe how it will address the needs of its stakeholders (including, without limitation, learners enrolled with the TEO). This must include a description of:

- who its key stakeholders are, which may include:
  - learners enrolled with the TEO or prospective learners (in particular those who are Māori or Pacific, young people, or people with low levels of literacy, language, and numeracy);
  - employers, businesses or industries relevant to the TEO's areas of delivery;
  - relevant regions and communities, including those that support Māori and Pacific learners;
- how the TEO has identified and will respond to the needs of its key stakeholders in the community it serves; and
- how the TEO will report to its key stakeholders on progress towards meeting their needs.

Pursuant to section 159P(a) of the Act, the TEO must describe how its proposed Plan will give effect to the Government's current and medium-term priorities as described in the Tertiary Education Strategy (TES). The Plan must outline how the TEO intends to achieve each of the priorities specified in the TES. Proposed Plans must also respond to the priorities that the TEC sets in its Plan Guidance, Investment Briefs, and other strategic documents, in order to implement the TES.

### **Programmes and activities**

Pursuant to section 159P(d) and (f) of the Act, the TEO must set out a description of how its proposed activities will support it to fulfill its mission and achieve its specific goals for the period.

The description of programmes and activities must include information about:

- planned programmes and activities for which the TEO is seeking funding, including planned learner numbers by New Zealand Qualification Framework Level and total funding sought (this information must be provided via the *Mix of Provision* templates which the TEC will provide to TEOs by 1 June 2020);
- a brief description of other programmes and activities not funded by the TEC (this information must be provided either via the *Mix of Provision* template or as part of a description of the Strategic Intent section of the TEO's Plan);
- a brief description of significant programmes and activities undertaken through subsidiary bodies<sup>1</sup>. The description of the programmes and activities undertaken through subsidiaries must include:
  - a description of the main activities undertaken by the subsidiary body;
  - the dollar value of the TEO's investment in the subsidiary body;
  - a brief description of the governance and accountability arrangements in place; and
  - any key new activities the TEO is contemplating undertaking over the plan period;
- any subcontracting arrangements the TEO has, which must be specified in a Subcontracting Register provided by the TEC.

### **Outcomes and measures**

Pursuant to section 159P(e) of the Act, the TEO's proposed Plan must describe the TEO's proposed outcomes (including, without limitation, in relation to the tertiary education programmes and activities for which funding is sought) and the performance indicators that the TEO will use to measure whether those outcomes have been achieved.

The TEC will provide TEOs with information about any specific metrics they must use when specifying outcomes and performance indicators (performance commitments), and in some cases will specify minimum performance commitments for TEOs. TEOs should propose additional performance commitments as required.

An *Education Performance Indicator Commitments* (EPIC) template will be provided to TEOs to assist them to specify their performance commitments. This will include the need to set targets which will contribute to parity of participation and achievement for Māori and Pacific learners.

The TEC will also provide TEOs with a *Learner Success* template to assist them to describe their approach to improving outcomes for all learners. All TEOs required to submit a new Plan and receiving more than \$5 million in funding are required to use this template as part of their Plan submission.

The proposed Plan must describe:

- how the TEO is responding to the priorities set by the TEC in its Plan Guidance, Investment Briefs, and other strategic documents
- how the TEO has performed against the performance commitments it made in its last Plan, particularly those relating to Māori and Pacific learners (for TEOs that have previously received Plan funding);
- how the TEO has responded to data from the TEC about post-study employment outcomes, and about the TEO's level of re-enrolments;
- the findings of any quality assurance reviews;
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes;
- the TEO's educational and financial capability and performance, including:
  - if the TEO is a TEI or an Industry Training Organisation (ITO), whether it has received a satisfactory assessment on the TEC's Financial Monitoring Framework; and
  - if the TEO is a private training establishment (PTE), whether it is meeting the TEC's Prudential Financial Standards for PTEs;
- the TEO's governance and management capability in forecasting, planning, and implementation, and (where applicable) providing supplementary information such as capital asset management reporting. This includes demonstration of governance and management commitment to improving outcomes for Māori and Pacific learners; and
- the TEO's ability and commitment to work with other TEOs to build system responsiveness and sustainability, and pathways through the education system.

The TEO's proposed performance commitments must be:

- designed and presented so that they give clear evidence about the quality of the activity being measured;
- relevant, so that they give meaningful information about the TEO's progress toward its proposed outcomes;
- set at a level that represents a meaningful improvement on past performance, with reference to any minimum commitments (if applicable), especially with respect to outcomes for priority learner groups; and
- complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities.

## **B. Other Additional Information**

### **Additional information about financial outlook**

Pursuant to section 159R(1)(b) of the Act, the TEC requires each TEO to provide additional information about its financial outlook to accompany its proposed Plan.

This includes forecast financial statements, capital asset management information (for TEIs), and any other information and explanations needed to fairly reflect the forecast financial operations and financial position of the TEO, e.g. information about subsidiaries for which the TEO has residual liability.

The TEC may use this additional information when assessing the potential of the TEO to meet its proposed performance commitments.

### **Additional requirements for tertiary education institutions**

Pursuant to section 159R(2), the following additional requirements apply to TEIs. A TEI's proposed Plan must:

- reflect the TEI subsector outcomes frameworks agreed with the TEC;
- align with the TEI's other strategic planning and reporting documents, including its Statement of Service Performance, strategic plan or Annual Report;
- explain how the TEI will manage its capital assets to support its mission and role over the period of the proposed Plan (including any new significant capital initiatives); and
- include a forecast Statement of Service Performance to enable the TEI to report in its Annual Report on its performance as compared to its proposed outcomes described in its proposed Plan.<sup>2</sup> The forecast Statement of Service Performance must:

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- be prepared in accordance with Generally Accepted Accounting Practice, including reporting costs summarised by key output classes/areas;
- reflect the full scope of the TEI's activities;
- focus on the outputs/services of the TEI; and
- include measures and evidence about the quality of these outputs/services.

### **Additional requirements for industry training organisations**

Pursuant to section 159R(2), the following additional requirements apply to ITOs only:

- the ITO's Proposed Plan must specify the activities set out in section 10(2) of the Industry Training and Apprenticeships Act 1992 in relation to which funding is sought; and
- if the ITO is seeking funding for apprenticeship training activities specify how it intends to carry out each of the activities set out in section 13D(2) of the Industry Training and Apprenticeships Act 1992.

### **C. Process and Timetable**

Pursuant to section 159R(1)(c) of the Act, the following timetable sets out the process and key dates for the submission of proposed Plans to the TEC. The main submission deadlines are:

- proposed Plans to be submitted by 13 July 2020; and
- TEOs to make any final changes to proposed Plans, including to Mix of Provision (MoP) and EPI Commitments (EPICs) templates, by 21 August 2020.

<b>Activity</b>	<b>Timing</b>
TEC releases Plan Guidance	December 2019
TEC updates Investment Toolkit material and Plan engagement begins	By March 2020
TEC publishes notice in the <i>New Zealand Gazette</i> setting out requirements for Plan content, timetable, assessment, and Plan summaries (this notice)	By March 2020
All TEOs seeking new funding approval for 2021 in receipt of more than \$5 million of TEC funding in 2019 provide a Summary of Plan Shifts	By 30 April 2020
Government announces Budget 2020	14 May 2020
TEC releases Supplementary Plan Guidance to reflect any policy or Budget changes (as required)	By 1 June 2020
TEC provides indicative allocations, and releases Mix of Provision (MoP) and EPI Commitment (EPIC) templates	1 June 2020
TEOs submit proposed Plans, including MoP, EPIC, Learner Success and Additional Funding templates	13 July 2020
TEC reviews proposed Plans and has further discussion with TEOs as needed	From 13 July 2020
TEC and TEOs finalise all discussions about any changes to proposed Plans	By 14 August 2020
TEOs submit any changes to their proposed Plans, including MoP and EPIC templates, following discussion with TEC	21 August 2020
TEC finalises assessment of proposed Plans	August-September 2020
TEC makes funding decisions	October-November 2020
TEOs notified of decisions via Plan funding approval letter	From October 2020
First payments made against Plans; Plan delivery begins	January 2021

### **2. Criteria for Assessing Proposed Plans**

Pursuant to section 159Y(1) of the Act, the TEC gives public notice of the criteria it will use to assess proposed Plans to determine if they will receive funding approval.

The criteria below enable the TEC to assess the extent to which the TEO's proposed Plan will contribute to achieving Government priorities (outlined in the TES, Plan Guidance, Investment Briefs, and other strategic documents), learner success outcomes, and address regional and national need, as well as the TEO's capability to deliver on its proposed Plan.

When assessing proposed Plans against the criteria, the TEC will take a holistic approach and may use a range of evidence, including, without limitation:

- the information contained in a proposed Plan;
- TEC engagement and monitoring information (including funding, past delivery and performance, organisational, and financial data);
- TEO annual reports and strategic plans;
- quality assurance bodies' information and reports;
- Plan engagement (where applicable);

- both national and regional demographic and economic data; and
- information about the post-study outcomes of learners.

The TEC will assess each proposed Plan using the following criteria:

#### **Mission and role**

Whether, and to what extent, the proposed Plan gives the TEC confidence that the TEO's proposed mission and role:

- is appropriate and achievable given the TEO's past performance and delivery levels, and reflects effective governance and planning;
- sets an educationally and financially sustainable path for the TEO; and
- for TEIs, will enable the organisation to give effect to the Treaty of Waitangi.

#### **Addressing the needs of stakeholders and giving effect to Government priorities**

Whether, and to what extent, the proposed Plan gives the TEC confidence that the TEO:

- has consulted with and will meet the needs of its key stakeholders and, where relevant, its region;
- will meaningfully report its progress to key stakeholders; and
- by successfully delivering its proposed Plan, including its planned provision and performance commitments, will contribute to the achievement of the Government's priorities, including the current and medium-term priorities described in the TES; and
- has responded to the priorities that the TEC sets in its Plan Guidance, Investment Briefs, and other strategic documents, in order to implement the TES.

#### **Programmes and activities**

Whether, and to what extent, the proposed Plan gives the TEC confidence that:

- successful delivery of the programmes and activities proposed by the TEO (including any Mixes of Provision and a capital asset plan where applicable) is likely given past delivery levels and will support the goals set out in the TEO's proposed Plan;
- the TEO has provided accurate information to us in its proposed Plan about all of its planned activities, including any programmes and activities undertaken through a subsidiary and any sub-contracting arrangements; and
- the programmes and activities proposed by the TEO are consistent with regional and national tertiary education needs.

#### **Outcomes and measures**

Whether, and to what extent, the TEC is confident that the performance commitments proposed in the TEO's Plan are:

- relevant and complete, providing information about all significant programmes and activities the TEO intends to undertake and how it will measure its performance against its proposed outcomes; and
- achievable, and a meaningful improvement on the TEO's past performance (with reference to the minimum commitments, where applicable), particularly with respect to outcomes for priority learner groups.

#### **Special requirements for tertiary education institutions**

Pursuant to section 159Y(3): For **TEIs only**, the TEC will assess whether the TEI meets the expectations expressed in this notice regarding the inclusion of a forecast Statement of Service Performance in its proposed Plan.

#### **Special requirements for industry training organisations**

Pursuant to section 11 of the Industry Training and Apprenticeships Act 1992: for ITOs, when assessing the proposed Plan the TEC will also consider:

- the amount of training to which the ITO's proposed Plan relates, and the likely number of trainees to be trained in accordance with it;

- the desirability of introducing into the ITO's industry (or the organisations' industries) skills (whether new skills or enhanced existing skills) likely to increase its (or their) international competitiveness;
- the desirability of extending industry training to industries, or areas of any industry (or industries), where industry training linked to nationally recognised qualifications has not traditionally been available; and
- the desirability of extending industry training to people to whom industry training linked to nationally recognised qualifications has not traditionally been available (whether within any industry or industries, or generally).

### **3. Plan Summary**

Pursuant to section 159YO(1) of the Act, a TEO must include in its Plan summary all the material described in the Content part in this notice.

**TEIs** must also include their forecast Statement of Service Performance in their Plan summary.

Nothing in this notice requires a TEO to include in its Plan summary information that would:

- disclose a trade secret;
- be likely to unreasonably prejudice the commercial position of the TEO; or
- prejudice or disadvantage the commercial activities of the TEO.

Pursuant to section 159YO(2) of the Act, the TEO's Plan summary must be available for inspection by the public and copies made available to the public, either at no cost or no more than a reasonable cost.

Dated at Wellington this 27th day of February 2020.

TIM FOWLER, Chief Executive, Tertiary Education Commission.

### **Notes**

1. These include all subsidiaries, trusts, or in-substance subsidiaries. They must cover all entities included in the TEO's consolidated group reporting in its most recent Annual Report.
2. Refer to sections 220(2A)(f) and 220(2B) of the Act and section 156 of the Crown Entities Act 2004.