

Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries) Notice 2015

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

Notice

1. Title—This notice may be cited as the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries) Notice 2015.

2. Commencement—This notice applies from the date of its publication.

3. Application—This notice revokes and replaces the following notice:

- the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries) Notice 2014.¹

4. Introduction—A number of the funding mechanisms determined by the Minister for Tertiary Education Skills and Employment under section 159L of the Education Act 1989 specify funding to be paid by the TEC to fund tertiary education organisations (TEOs) via plans.

Therefore, to be eligible to access TEC funding under those funding mechanisms from 2015 onwards, 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 Education Act 1989).

The TEC may decide to fund the tertiary education programmes and activities described in a proposed plan submitted by a TEO for a period of up to three years.

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

The amount of detail in the proposed plan will depend on the size and complexity of the TEO submitting the plan.

5. Plan Content—The proposed plan must include the following parts, each of which must clearly connect and align with the others:

(i) *Strategic Intent*

Performance story

The Strategic Intent section of a proposed plan (previously called the Plan Context) must outline the value proposition that the TEO will deliver over the coming three years - its performance story - including:

- the TEO's mission and distinctive role within the overall network of provision; and
- its strategic direction, comprising:
 - the TEO's proposed outcomes for the coming three years, and why the TEO has decided to seek those outcomes, given government priorities and the needs of the TEO's stakeholders; and
 - what the TEO is going to do and produce (ie activities and outputs) over the coming three years in order to achieve those outcomes, and why those are the right things to do and produce given the TEO's operating environment, government priorities, the needs of its stakeholders, and evidence about what works; and
- how the TEO intends to measure its progress in achieving its strategic direction, including what indicators it will use.

The Strategic Intent section of a TEO's proposed plan must also summarise:

- how the TEO has identified the needs of its key stakeholders in the community it serves, including:
 - employers, businesses or industries relevant to the TEO's areas of delivery; and
 - learners or prospective learners, in particular those who are Māori, or Pasifika, or under the age of 25, or who have low levels of literacy, language, and numeracy; and
 - the communities that support Māori and Pasifika learners; and
- how the TEO will respond to the needs of these key stakeholders; and
- how the TEO will report to its key stakeholders on progress towards meeting their needs; and
- how the TEO has performed against the commitments it made in its last plan (for TEOs that have

- previously received plan funding); and
- the findings of any quality assurance reviews; and
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes; and
- any key new activities the TEO is contemplating undertaking over the next three years.

Contribution to Government priorities

The Strategic Intent section must also explain how the TEO intends to respond to the Government's priorities in the *Tertiary Education Strategy 2014-2019* in the coming three years. This must include information about how the TEO will:

- identify and respond to the needs of industry and employers and publish information to help inform enrolment choices (the "Delivering Skills for Industry" priority of the *Tertiary Education Strategy 2014-2019*); and
- attract and engage at-risk young people and support them to progress through tertiary education and into sustainable work ("Getting at-risk young people into a career"); and
- attract and engage Māori and Pasifika students and support them to succeed educationally and achieve better employment outcomes ("Boosting achievement of Māori and Pasifika"); and
- respond to the needs of adult foundation learners with literacy and numeracy skills ("Improving adult literacy and numeracy"); and
- if it is a research-based institution, manage its overall resources to support its research strategy and implementation plan, and support innovation (especially commercial innovation) through research, knowledge exchange, and human capital development ("Strengthening research-based institutions"); and
- help to increase the value of international education to New Zealand ("Growing international linkages").

Additional requirements for tertiary education institutions

Three additional requirements apply to the Strategic Intent section of proposed plans of tertiary education institutions **only**.

First, the performance story presented in the institution's proposed plan must:

- reflect the Outcomes Framework the institution has agreed with the TEC, or an institution's own outcomes framework; and
- align with the narrative in the institution's other strategic planning and reporting documents.

Second, the Strategic Intent section must explain how the institution will manage its capital assets to support its mission and role over the period of the proposed plan (including any new significant capital initiatives).

Third, proposed plans should include a forecast Statement of Service Performance (SSP) to enable the institution to report in its Annual Report on its performance as compared to its proposed outcomes described in its plan.² The forecast SSP should:

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

(ii) *Summary of Activity*

The plan must include a Summary of Activity for the period of the proposed plan. The proposed activity **must** align with and support the achievement of the mission presented in the Strategic Intent section of the proposed plan.

The Summary of Activity must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component (SAC)

or Industry Training Fund funding, including planned learner numbers by New Zealand Qualification Framework Level (this information must be provided via a “Mix of Provision” template which the TEC will provide to TEOs in due course); and

- other planned programmes and activities for which funding is sought from the TEC, including planned learner numbers (this information must be provided via a “Mix of Provision” template); and
- total TEC funding sought (this information must be provided via a “Mix of Provision” template); and
- planned learner numbers in more detail, if requested by the TEC, for non-SAC-funded programmes and activities (this information must be provided via a “Mix of Provision” template); and
- a brief description of other programmes and activities not funded by the TEC, including significant programmes and activities undertaken through subsidiary bodies³. (This information may be provided either via the Mix of Provision template or as part of the TEO’s Strategic Intent, as the TEO prefers.) For tertiary education institutions only, the description of the programmes activities undertaken through subsidiaries must include:
 - a description of the main activities undertaken by the subsidiary body; and
 - the dollar value of the TEO’s investment in the subsidiary body; and
 - a brief description of the governance and accountability arrangements in place; and
- (for tertiary education institutions **only**) information about delivery the TEO intends to subcontract to other TEOs during the period of the proposed plan (this information must be provided via a “Subcontracting register” template which the TEC will provide to TEOs in due course).

(iii) *Performance Commitments*

The Performance Commitments section of the TEO’s proposed plan must set out proposed performance commitments that measure whether the TEO is producing the activities and outputs identified in its performance story.

The TEC will provide all TEOs with information about specific metrics they must use when making certain performance commitments, and in some cases will specify minimum commitments for TEOs. TEOs should propose additional commitments as required.

6. Other Supplementary Information—The TEC may ask a TEO to provide additional information about its financial outlook to accompany its proposed plan.

This might include forecast financial statements, capital asset management information (for tertiary education institutions), and any other information and explanations needed to fairly reflect the forecast financial operations and financial position of the TEO, eg 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.

7. Decision-Making Criteria—The decision-making criteria below enable the TEC to assess the alignment of an eligible TEO’s proposed direction and activities to Government priorities and regional and national need, as well as its capability to deliver on its plan. The TEC will use the criteria to assess proposed plans and determine if they will receive funding approval.

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 monitoring information (including funding, performance, organisational, and financial data), institutional Annual Reports and Strategic plans, Quality Assurance Bodies’ information and reports, plan engagement (where applicable), and both national and regional demographic and economic data.

The TEC may decide to give funding approval subject to conditions, having regard to the relevant funding determinations issued by the Minister for Tertiary Education, Skills and Employment under the Education Act 1989, and whether a condition is necessary to ensure that the outcomes in a plan that relate to tertiary education programmes and activities are being or will be achieved.

8. The Criteria—The TEC will assess proposed plans of all TEOs according to whether and to what extent they meet the following criteria:

- The TEO’s proposed mission and role, and the outcomes the TEO intends to contribute to, show an awareness of and are appropriate to the TEO’s place in the regional and national tertiary system and the Government’s priorities.

- The TEO’s proposed mission and role as outlined in its proposed plan is consistent with the mission and role the TEO has articulated in its other strategic planning documents.
- The TEO has clearly and accurately identified its key stakeholders, including:
 - employers, businesses or industries relevant to the TEO’s areas of delivery; and
 - learners or prospective learners, in particular those who are Māori, or Pasifika, or under the age of 25, or who have low levels of literacy, language, and numeracy; and
 - the communities that support Māori and Pasifika learners.
- The TEO has ascertained the needs of its key stakeholders, including through consultation and the use of statistical information about regional or national demographics and employment market demand.
- The TEO’s proposed programmes and activities respond to the needs of its stakeholders and the priorities of the *Tertiary Education Strategy 2014–2019*.
- The TEC considers that the TEO is likely to be able to carry out the programmes and activities (including capital asset management where applicable), and contribute to the outcomes, outlined in the proposed plan.
- The TEC considers that the TEO’s proposed programmes and activities (including capital asset plans where applicable) are desirable and appropriate in the context of regional and national need and the proposed programmes and activities of other TEOs.
- The TEO’s proposed performance commitments are:
 - SMART⁴, so that they give clear evidence about the quality of the activity being measured; and
 - relevant, so that they give meaningful information about the TEO’s progress toward its proposed outcomes; and
 - set at a level that represents a meaningful improvement on past performance, 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; and
 - clearly presented.
- If applicable, the TEO has performed well against its current and its previous plans, and in particular has:
 - improved its performance over time; and
 - met its plan commitments and KPIs; and
 - demonstrated satisfactory educational performance, including meeting the upper thresholds of the TEC’s Performance Linked Funding framework (for TEOs subject to Performance Linked Funding); and
 - demonstrated satisfactory financial performance, including:
 - for tertiary education institutions **only**, receiving a satisfactory assessment on the TEC’s Financial Monitoring Framework; and
 - for PTEs **only**, meeting the TEC’s Prudential Financial Standards for PTEs; and
 - been assessed as satisfactory in terms of its last external review by the relevant quality assurance body; and
 - demonstrated good management capability in forecasting, planning, and implementation, and the (where applicable) ability to provide supplementary information such as capital asset management reporting; and
 - complied with conditions imposed on funding approval; and
 - complied with its obligations to report to TEC.
- For tertiary education institutions **only**, the institution meets the expectations expressed in this notice regarding the inclusion of a forecast SSP in its plan.

9. Plan Summaries—In accordance with the requirements of section 159YO(1) of the Education Act 1989, the TEC

prescribes that a TEO that has a plan must include in its Plan Summary all the material described in the “Plan Content” part in this notice, comprising its Strategic Intent, its Summary of Activity, and its Performance Commitments.

Tertiary education institutions should also include their forecast Statement of Service Performance (SSP) in their Plan Summary.

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

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

10. Timelines and Processes—The following table sets out the timeline for the plan process.

<i>Activity</i>	<i>Indicative timing</i>
TEC releases Plan Guidance for Industry Training Organisations	March 2015
Government announces Budget 2015	May 2015
TEC releases Supplementary Plan Guidance (if required) to reflect any policy or Budget changes	June 2015
Plan engagement: TEC discusses performance information, indicative allocations and proposed plans with TEOs	May to September; deadline for plans to be submitted by 31 July (for PTEs, Community Education Providers and Schools) or 31 August (all other TEOs)
TEOs submit their proposed plans to the TEC	
TEC assesses proposed plans	
TEOs are notified of final funding decisions via plan funding approval letters	November/December 2015
First payments made against plans; plan delivery begins	January 2016

Dated at Wellington this 5th day of March 2015.

TIM FOWLER, Chief Executive, Tertiary Education Commission.

¹[New Zealand Gazette, 24 April 2014, No. 42, page 1244](#)

²Sections 220(2A)(f) and 220(2B) of the Education Act 1989 and section 156 of the Crown Entities Act 2004 refer.

³These include all subsidiaries, trusts, or in-substance subsidiaries. These entities should include all entities included in the TEO's consolidated group reporting in its most recent Annual Report.

⁴SMART goals are Specific, Measurable, Achievable, Realistic, and Time-Bound.