

Tertiary Education Report: RoVE – End of year update and forecast activity in 2021

Date:	10 December 2020	TEC priority:	High
Security level:	Budget Sensitive	Report no:	B-20-00770
		Minister's office No:	

ACTION SOUGHT

	Action sought	Deadline
Hon Chris Hipkins Minister of Education	<p>Note that RoVE is on schedule and on budget.</p> <p>Note that the recent Treasury Gateway review, which independently assessed the reform's progress, concluded that successful delivery appears feasible but significant issues require attention. These include:</p> <ul style="list-style-type: none"> managing and supporting transformational change with a complex matrix of stakeholders over a sustained period to ensure outcomes are achieved; and there is a serious funding risk associated with no appropriation for core implementation and integration activities post June 2021. <p>Note that delivery of the key changes will not in themselves deliver the outcomes sought and that maintaining an integrated programme approach is required.</p> <p>Agree to discuss the upcoming funding challenges with officials at your earliest convenience.</p> <p>Agree that the TEC release this briefing in full following post-budget.</p>	At your convenience
Enclosure: No	Round Robin: No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)

Name	Position	Telephone	1st contact
Tim Fowler	Chief Executive	s9(2)(a)	✓
Gillian Dudgeon	DCE Delivery	s9(2)(a)	

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

- DPMC
 MPI
 ENZ
 ERO
 MBIE
 MoE
 MFAT
 MPP
 MSD
 NZQA
 NZTE
 TEC
 TPK
 Treasury

- Minister's Office to Complete:**
- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **Note** that Reform of Vocational Education (RoVE) is on schedule and on budget.
2. **Note** that the recent Treasury Gateway review, which independently assessed the reform's progress, concluded that successful delivery appears feasible but significant issues require attention. These include:
 - managing and supporting transformational change with a complex matrix of stakeholders over a sustained period to ensure outcomes are achieved; and
 - there is a serious funding risk associated with no appropriation for core implementation and integration activities post June 2021.
3. **Note** that delivery of the key changes will not in themselves deliver the outcomes sought and that maintaining an integrated programme approach is required.
4. **Agree** to discuss the upcoming funding challenges with officials at your earliest convenience.

AGREED / NOT AGREED

5. **Agree** that the TEC release this briefing in full following post-budget.

AGREED / NOT AGREED



Tim Fowler
Chief Executive
Tertiary Education Commission



Andy Jackson
Acting Deputy Secretary, GAVC

10 December 2020

10 December 2020



Hon Chris Hipkins
Minister of Education

12 / 12 / 2020

I'd like a copy of the Gateway Review to read over the summer break. CH

Purpose

1. This paper provides a year-end summary of progress being made on the Reform of Vocational Education (RoVE), outlines future work and discusses the outcomes of the recent external assurance reports, including the Gateway review.

Transforming the vocational education sector is a complex process

2. As you are aware, the RoVE represents a once in a generation opportunity to deliver something vital for New Zealand - a bold and compelling vision of an integrated vocational education and training system that benefits all New Zealanders.
3. The reform reaches across and deep into all of New Zealand. It will contribute to the increased wellbeing of our people, increased productivity of our businesses and increased agility of our nation. It will create strong links between what employers need from a trained workforce and how we prepare our people for work, particularly in the immediacy of the COVID-19 recovery. It will contribute to greater regional prosperity and support the rapid attraction of international labour and students in a post-COVID environment.
4. Success will require careful attention and managed delivery. It is a system redesign and all parts of the system are required to be integrated to function as a system. There will continue to be many points of risk, including that the reform delivers some individual structural change, but not an integrated set of outcomes. In turn, the compelling vision will not be achieved and a partly built system will fail employers, learners and industry.
5. Initial funding through to 2023 has been secured for Te Pūkenga, Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs). Core aspects of the work related to the Unified Funding System (UFS), Transitional Industry Training Organisation (TITO) transition, integrated delivery and assurance, change and communications and engagement remain unfunded beyond 30 June 2021.

The integrated programme has made significant progress in 2020

6. Over the last 12 months, significant progress has been achieved:
 - The Education and Training Act 2020 (the Act) came into effect.
 - Te Pūkenga became operational.
 - Te Taumata Aronui has been established and its terms of reference approved by Cabinet.
 - WDCs have been accelerated. The Six Orders in Council have been drafted and consultation will commence this year.
 - In collaboration with industry, high-level functional designs have been completed for the WDCs, to support fast-tracking establishment.
 - TITOs have submitted high level transition plans.
 - 14 interim Regional Skills Leadership Groups (iRSLGs) have been established and are meeting regularly. Local Insights Reports (LIR) have been completed.
 - Two pilot Primary and Construction Centres of Vocational Excellence (CoVEs) were announced and are standing up.
 - The UFS has progressed high level policy design and agreed the three major components of funding.

- Led by the New Zealand Qualifications Authority (NZQA), work has commenced to design a simpler industry-focussed qualification system.
 - A TEC operational readiness team has commenced design of the internal changes required by the TEC to effectively respond to RoVE.
7. In October 2020, an Independent Quality Assurance review was undertaken of the Programme and in November 2020, a Treasury Gateway review was undertaken. Positively, they concluded that:
- the RoVE Programme is on schedule and within budget, and clearly aligned with programme business case expectations;
 - there is strong and effective leadership of the reforms;
 - there is robust governance, design and integrated planning;
 - agencies have universal understanding of, and support for, the intentions of the RoVE Programme and are confident that it will deliver the outcomes intended; and
 - there is strong commitment from many stakeholders to the Programme intent and to its successful delivery.

Successful delivery over the next two years requires ongoing attention

8. Achieving all the outcomes of the reform will take many years due to the integration of each change and the cultural changes required. It will also take time for the UFS to bed in after 2023 and for providers to adjust to it.
9. In recent months, the Programme has moved from major policy development into operational system design, building new entities and implementing changes, and transitioning people and entities to their future state. The changes are beginning to impact people as they see their organisations and roles change.
10. The Education and Training Act 2020 has created high expectations that the new framework will deliver more successful outcomes for Māori. Honouring Te Tiriti is a key plank of the reforms. Significant changes are being sought, which will require an associated transformation effort to make this shift in both mind set and action across all education agencies and providers, and Māori/iwi.
11. Enabling this change are five lead agencies who must maintain focus and energy in coming years to complete the considerable remaining design, implement and champion the changes, and ensure all of the individual changes allow the system to function as a whole.
12. The Gateway review outlined a number of key challenges which will need to be overcome to ensure successful delivery. This includes:
- outcome achievement will require transformative and innovative change across provider delivery, learner opportunities, industry and community influence, and agency culture and operations;
 - there are large and complex stakeholders and relationships, with varied levels of support;
 - the effort required must be sustained over several years;
 - the centrality of Te Tiriti and Māori–Crown relationships in the reform and putting learners at the centre constitutes a trail blazing requirement for which no models currently exist;
 - financial, resource and end-to-end integration risks and issues exist which will impact the programme’s ability to deliver the full scope of change within time and budget;

- a parent agency in TEC whose baseline has no capacity to accommodate further demands; and
- the Act has created high expectations that the new framework will deliver successful outcomes for Māori. Equity is central to design. Māori are willing to be involved though are facing some constraints and it is acknowledged that there are diverse views among Māori.

Three programme functions will support momentum and manage risk

13. Three areas are foundational to momentum and achieving the vision:

- integrated project delivery;
- integrated outcomes and benefits; and
- change management (including within TEC),communications and engagement.

Integrated project delivery

14. Continued integrated planning and project delivery will focus TEC, MoE, NZQA, MBIE and Te Pūkenga on delivering a cohesive set of outcomes. Best practice highlights that this requires a centralised programme management capability with an integrated management and outcomes focus.

15. Over the next two years, the complex interconnections between different parties and parts of the system will require rigorous oversight and management. These include :

- managing the smooth transition of functions from TITOs to WDCs and providers without negatively impacting learners and employers;
- ensuring the final design and implementation of the UFS delivers the outcomes and incentives being sought, and managing a careful transition and monitoring approach; and
- a strategic communications approach to keep all stakeholders well informed of how the various changes will impact them and the benefits of the reforms (e.g. ensuring that if they have a perception that they appear to be losing something, that they are well informed on what is replacing it and who they can talk to if they have concerns).

Integrated outcomes and benefits

16. The outcomes of RoVE are identified in the July 2019 Cabinet Paper and accompanying Programme Business Case.

17. The Gateway team noted that it is important for the Programme to plan for and demonstrate early and ongoing value to retain confidence in ultimate outcome delivery and continued engagement. It is important to identify key performance indicators, including lead indicators, that give early confirmation that outcome delivery will be successful and that progressive value is being delivered.

Change management, communications and engagement

18. If industry and employers do not support the changes, then employers may disengage (and enrol fewer trainees and apprentices in training). If staff (or unions) do not support the change, it could result in rejection of the vision and resistance to local changes. Learners may disengage if they struggle to understand the new system.

19. There are challenges in undertaking authentic engagement (particularly with Māori, but also with other underserved learners and industry) whilst delivering at pace. There are risks in proceeding too fast (stakeholder trust, quality input) and going too slow (momentum and stakeholder confidence).

20. Stakeholders are engaged and many are now openly supportive, as a result of current communications and engagement work. However, the Gateway team were concerned that it will be difficult to sustain the quality of communication required across all stakeholder groups over the next two years within the current funding parameters.

TEC Change management

21. From a TEC perspective, the implementation of RoVE will require a significant amount of change to the way it delivers some of its key functions. These changes are expected to be funded within TEC's own baseline funding.

Completing the job: resourcing is key to maintaining the momentum and achieving outcomes

22. Both the Gateway review and the IQA concluded that resourcing was below what would be considered prudent, particularly in the functions that support outcomes achievement, integration planning, communications, engagement, and change management. The Gateway review noted that there is a serious funding risk with no appropriated budget after June 2021 for critical integration elements that are required for successful delivery.
23. A budget bid is being prepared for funding in FY21/22 and FY22/23, and I seek the opportunity to discuss this with you at your earliest convenience. This will enable a prudent level of capability to be retained, to complete the reform process and set it up with the best chance of success.
24. Key areas needing ongoing focus and associated funding are:
- **Integrated project delivery** which covers the remaining design and operationalising of the UFS by 1 January 2023, completion of TITO transitions by December 2022, NZQA related changes, support for WDC stand up, and the overall integration of each change into the new vocational education system;
 - **Change and communication** which are critical functions to ensure RoVE communications can link up all aspects of the changes so that key stakeholders – learners, employers/industry and communities – can understand what the reforms means for them and what their future opportunities are; and
 - **Integration governance** to ensure the integrated RoVE outcomes and benefits will be achieved as these rely on the overall system working together. This is a complex change which needs ongoing oversight and cohesion to ensure individual components do not start to deviate from the agreed plan for the reforms.