

## Education (Proposed Investment Plans: Content and Submission; Assessment Criteria; and Plan Summaries) Notice 2016

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

**1. Title**—This notice may be cited as the Education (Proposed Investment Plans: Content and Submission; Assessment Criteria; and Plan Summaries) Notice 2016.

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

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

- Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries) Notice 2015, published in the [New Zealand Gazette, 5 March 2015, Issue No. 20, Notice No. 2015-au1157](#).
- Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries for the ACE in Communities Fund) Notice 2015, published in the [New Zealand Gazette, 7 May 2015, Issue No. 47, Notice No. 2015-au2673](#).

**4. Introduction**—The following funding mechanisms, determined by the Minister for Tertiary Education, Skills and Employment pursuant to section 159L of the Act, require the TEC to pay funding under section 159YA (relating to funding organisations via plans):

- Adult and Community Education (2014) and supplementary determination (2015);
- Equity Funding (2014);
- Industry Training Fund and Industry Training Organisation Strategic Leadership Fund (2015) and supplementary determination (2015);
- Literacy and Numeracy Provision (2015);
- Specialised English for Speakers of Other Languages (2014) and supplementary determination (2015);
- Student Achievement Component - Provision at Level 3 and above on the New Zealand Qualifications Framework (2014) and supplementary determinations (2015); and
- Youth Guarantee (2015) and supplementary determinations (2015).

Tertiary education organisations (TEOs) seeking funding under those funding mechanisms must submit a proposed plan (unless the TEO has been exempted from the requirement to submit a proposed plan, pursuant to section 159U of the Act).

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 Commission 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 Commission;
2. Section 159Y: The **criteria for assessing proposed plans** the TEC will use to assess proposed plans to determine if TEOs will receive funding approval; and
3. Section 159YO: The matters that TEOs must include in their **plan summary**.

The amount of detail in the proposed plan will depend on the size and complexity of the TEO submitting the 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 plan, including its role within the overall network of provision.

The TEO should demonstrate that it understands its distinctive mission and role within the system, and how this relates to the community it serves, and that it has a sustainable plan for fulfilling this mission and role through its programmes and activities.

#### *Contribution to Government priorities*

Pursuant to section 159P(a), the TEO must describe out how it will give effect to the Government's current and medium-term priorities as described in the Tertiary Education Strategy 2014-2019 ("Strategy"). 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 Strategy);
- attract and engage at-risk young people and support them to progress through tertiary education and into sustainable work (the "Getting at-risk young people into a career" priority of the Strategy);
- attract and engage Māori and Pasifika students and support them to succeed educationally and achieve better outcomes (the "Boosting achievement of Māori and Pasifika" priority of the Strategy);
- respond to adult foundation learners with literacy and numeracy skill needs (the "Improving adult literacy and numeracy" priority of the Strategy);
- if it is a research-based institution, manage its resources to support its research strategy and implementation plan, and support innovation (especially commercial innovation) through research, knowledge exchange, and human capital development (the "Strengthening research-based institutions" priority of the Strategy); and
- help to increase the value of international education to New Zealand (the "Growing international linkages" priority of the Strategy).

#### *Addressing the needs of stakeholders*

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

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

#### *Programmes and activities*

Pursuant to sections 159P(d) and (f), the TEO must set out a description of all:

- tertiary education programmes run by the organisation for which the organisation is seeking funding under section 159YA and specify the amount of funding sought in relation to those programmes;
- activities (including, without limitation, programmes and initiatives that will be undertaken by the organisation in order to build its capability) for which the organisation is seeking funding under section 159YA and specify the amount of funding sought in relation to those activities; and
- tertiary education programmes run by the organisation other than those in relation to which funding is sought.

The proposed activities must align with and support the achievement of the mission and role of the TEO.

The description of programmes and activities must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component or Youth Guarantee 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);
- planned programmes and activities for which the TEO is seeking funding from the TEC (other than Student Achievement Component or Youth Guarantee) including planned learner numbers in more detail (this information must be provided via a *Mix of Provision* template);
- total TEC funding sought (this information must be provided via a *Mix of Provision* template);
- a brief description of other programmes and activities not funded by the TEC (this information may be provided either via the *Mix of Provision* template or as part of a description of the TEO's mission and role);
- a brief description of significant programmes and activities undertaken through subsidiary bodies.<sup>1</sup> The description of the programmes 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; and
  - a brief description of the governance and accountability arrangements in place

**(Tertiary education institutions** must provide this information via a *Subcontracting Register*. **Private training establishments** must provide this information via the *Investment Plan* template); and
- any key new activities the TEO is contemplating undertaking over the plan period.

#### *Outcomes and measures*

Pursuant to section 159P(e), the TEO's proposed plan must describe an organisation'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 organisation will use to measure whether those outcomes have been achieved.

The TEC will provide all TEOs with information about any 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.

*A Performance Commitments* template and *Guidelines to give effect to the Māori and Pasifika TES Priorities* will be available on the TEC website to assist commitment setting. This will include the need to set targets which will contribute to the achievement of parity of participation and achievement for Māori and Pasifika.

The proposed plan must describe:

- how the TEO has performed against the commitments it made in its last plan (for TEOs that have previously received plan funding);
- how the TEO has responded to specific data from the TEC about employment outcomes and the level of re-enrolments;
- 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.

The TEO's proposed performance commitments should 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, 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.

*Other supplementary information*

Pursuant to section 159R(1)(b), 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.

*Additional requirements for tertiary education institutions*

Pursuant to section 159R(2), the following additional requirements apply to **tertiary education institutions only**. The tertiary education institution's proposed plan must:

- reflect the outcomes framework the tertiary education institution has agreed with the TEC, or a tertiary education institution's own outcomes framework;
- align with the narrative in the tertiary education institution's other strategic planning and reporting documents;
- explain how the tertiary education 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); and
- include a forecast Statement of Service Performance to enable the tertiary education institution 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 should:
  - be prepared in accordance with Generally Accepted Accounting Practice, including reporting costs summarised by key output classes/areas;
  - reflect the full scope of the institution's activities;
  - focus on the outputs/services of the institution; and
  - include measures and evidence about the quality of these outputs/services.

**B. Process**

Pursuant to section 159R(1)(c), the following timetable sets out the key milestones and target dates for submissions of proposed plans to the TEC. The submission deadline is **8 July 2016** (for PTEs) and **31 August 2016** (for all other TEOs).

<i>Activity</i>	<i>Timing</i>
TEC releases Plan Guidance to TEOs	1 December 2015
TEC engages with TEOs on the Investment Approach	1 October 2015 – 31 March 2016
TEC releases more detailed Plan Guidance based on sector engagement (as required)	1 February – 31 April 2016
TEC publishes notice in the <i>New Zealand Gazette</i> setting out requirements for plan content, assessment and plan summaries (this notice)	5 May 2016
Government announces Budget 2016	26 May 2016
TEC releases Supplementary Plan Guidance to reflect any policy or Budget changes (as required)	30 June 2016
Plan engagement: TEC discusses performance information, indicative allocations and proposed plans with TEOs	February to September; deadline for plans and/or associated templates to be submitted by:
TEOs submit their proposed plans to the TEC	
TEC assesses proposed plans	
	8 July (for PTEs) or 31 August (all other TEOs)

<i>Activity</i>	<i>Timing</i>
TEOs are notified of final funding decisions via confirmation of funding letters	31 October 2016
First payments made against plans; plan delivery begins	31 January 2017

## 2) Criteria for assessing proposed plans

Pursuant to section 159Y(1), 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 alignment of an eligible TEO's proposed plan with Government priorities and regional and national need, as well as its capability to deliver on its 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 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 criteria*

The TEC will assess proposed plans of all TEOs according to whether, and to what extent, proposed plans meet the following criteria:

- **How the TEO contributes to the Government's current and medium-term priorities described in the Tertiary Education Strategy 2014-2019:**
  - 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 relevant to its current and likely future environment.
  - The TEOs proposed mission and role demonstrates that it clearly understands its distinctive mission and role within the system, and how this relates to the community it serves.
  - The TEOs demonstrates that it has developed a sustainable plan for fulfilling its mission and role through its programmes and activities.
- **The tertiary education programmes and activities of a TEO in relation to which funding is sought under section 159YA:**
  - The TEO is capable of delivering the proposed programmes and activities (including capital asset management where applicable) and outcomes.
  - The TEO's proposed programmes and activities (including capital asset plans where applicable) are appropriate in the context of:
    - regional and national needs, including those of employers, businesses or industries relevant to the TEO's areas of delivery;
    - benefits to learners and the proposed programmes; and
    - the activities of other TEOs.
- **The performance indicators used in measuring whether the specified outcomes relating to those tertiary education programmes and activities are being or have been achieved:**
  - The TEO's proposed performance commitments are:
    - 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 performance against its proposed outcomes;
    - set at a level that represents a meaningful improvement on past performance, especially with respect to outcomes for priority learner groups (including contribution to achieving parity in

participation and achievement for Māori and Pasifika); and

- complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities.

• **The extent and nature of a TEO’s consultation over its proposed plan:**

- The TEO has clearly and accurately identified its key stakeholders, including:
  - learners or prospective learners (in particular those who are Māori, or Pasifika, or young people, or who have low levels of literacy, language, and numeracy);
  - employers, businesses or industries relevant to the TEO’s areas of delivery; and
  - relevant communities, including those that support Māori and Pasifika learners.
- The TEO has ascertained the needs of its key stakeholders, through direct consultation and the use of statistical information about regional or national demographics and employment market demand.
- The TEO has reviewed its current and proposed plans against the needs of its stakeholders, and has documented what changes it has made, or will make to better accommodate these.
- The TEO has reviewed its own performance against its current and previous plans.
- If applicable, the TEO has performed well against its current and previous plans, and in particular has:
  - improved its performance over time (this may include reference to return on investment, for example employment outcomes of its graduates);
  - met its plan commitments and KPIs;
  - demonstrated satisfactory educational performance, including meeting the upper thresholds of the TEC’s Performance Linked Funding framework (for TEOs subject to Performance Linked Funding);
  - demonstrated satisfactory financial performance, including:
    - for **tertiary education institutions only**, receiving a satisfactory assessment on the TEC’s Financial Monitoring Framework; and
    - for **private training establishments only**, meeting the TEC’s Prudential Financial Standards for private training establishments;
  - been assessed as satisfactory in terms of its last external review by the relevant quality assurance body;
  - demonstrated good governance and management capability in forecasting, planning, and implementation, and the (where applicable) ability to provide supplementary information such as capital asset management reporting;
  - demonstrated its ability and commitment to work with other organisations to build system responsiveness and sustainability, and pathways through the education system;
  - complied with conditions imposed on funding approval;
  - complied with any other requirements and expectations imposed on funding approval; and
  - complied with its obligations to report to TEC.
- Pursuant to section 159Y(3): For **tertiary education institutions only**, the institution meets the expectations expressed in this notice regarding the inclusion of a forecast Statement of Service Performance in its plan.

**3) Plan summary**

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

**Tertiary education institutions** should 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 organisation; or
- prejudice or disadvantage the commercial activities of the organisation.

Pursuant to section 159YO(2) 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 5th day of May 2016.

TIM FOWLER, Chief Executive, Tertiary Education Commission.

<sup>1</sup> These 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.

<sup>2</sup> Refer to sections 220(2A)(f) and 220(2B) of the Education Act 1989 and section 156 of the Crown Entities Act 2004.

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