

# Skills Active work-based learning transition

## Questions and answers

<b>Background</b> .....	<b>2</b>
How do providers fit into the Reform of Vocational Education? .....	2
What does ‘arranging training’ for work-based learners involve?.....	2
Are other providers being considered for the transition of arranging training? .....	2
What engagement is required of the TITOs in the transition planning process? .....	3
What engagement has Skills Active undertaken? .....	3
Will any arranging training for currently enrolled work-based learners with Skills Active go to other providers? .....	3
Will the provider do all the activities that the Skills Active ITO currently does? .....	3
Will there be a change in the way programmes and services are delivered?.....	3
How will TEC decide which providers will take on arranging training from the TITOs?.....	4
When would transition occur? .....	4
<b>Funding</b> .....	<b>4</b>
How would the Skills Active provider be funded for arranging training? .....	4
How will funding change once the Unified Funding System is implemented from 2023? .....	4
What will happen if the provider is not funded, funding is reduced, or employers/learners decide to engage with a different provider?.....	4
Will there be a change in cost of products as a provider? .....	5
<b>Skills Active provider – Overarching questions</b> .....	<b>5</b>
Why is the Skills Active provider the best option for transition?.....	5
How will the provider mahi be different to what we do now? .....	5
Will the Skills Active provider be competing for business with other providers?.....	6
What is the medium- to long-term plan for the provider? .....	6
<b>Skills Active provider structure</b> .....	<b>6</b>
What is the proposed structure of the Skills Active provider?.....	6
Why is a subsidiary approach being recommended?.....	6
What is the proposed governance structure of the new provider?.....	6

How will the provider ensure a strong voice for stakeholders in the governance of the organisation?..	7
What is the proposed operational structure of the provider?.....	7
What will happen to Skills Active Aotearoa staff when the provider is set up? .....	7
What will happen to the Skills Active Aotearoa reserves?.....	7

## Background

### How do providers fit into the Reform of Vocational Education?

The intent of the reform (ROVE) is to create a strong, sustainable, unified vocational education and training system, capable of delivering the skills that learners, employers and communities need to thrive. Private providers, also known as private training establishments (PTEs) will continue to play an important role in the new system and will remain key players that provide choice for employers and learners.

A key change in the reform is for providers to take on the arranging training functions from the transitional ITOs (TITOs).

There are a number of ways PTEs will play a role in the future of vocational education.

- In the short term, some PTEs will be considered alongside public providers to take on arranging training for work-based learners during the transition period.
- Longer term, once transition has completed, other PTEs wishing to arrange training for work-based learners (trainees and apprentices) can apply for funding directly from TEC.
- Presently, a number of PTEs are subcontracted by TITOs to provide off-job training and other support to work-based learners. No PTEs are subcontracted by Skills Active for this work.

### What does ‘arranging training’ for work-based learners involve?

“Arranging training” means overseeing the arrangements for the delivery of work-based training for learners. It includes:

- working with employers to understand and develop programmes to satisfy their needs
- working with employers to sign up their employees into work-based training
- working with employers and their apprentices to develop individual training plans
- ensuring learner achievement and progression towards qualifications
- arranging for learners to be assessed against standards
- working with providers and employers to organise delivery of any off-job training components
- providing holistic support for learners
- supporting the employer as a provider and their employees as the learner.

### Are other providers being considered for the transition of arranging training?

Yes, existing PTEs along with Te Pūkenga and wānanga have been considered for the transition of arranging training activities currently being done by TITOs.

## **What engagement is required of the TITOs in the transition planning process?**

As part of the transition planning process, TITOs are required to seek endorsement from existing employers currently involved in work-based learning, to ensure that they support the transition to the proposed new provider(s).

For the TITO to be confident in recommending the transfer of arranging training to a PTE, the transition needs to be seamless for employers and learners, and employers and learners need to continue to receive the same level of service.

## **What engagement has Skills Active undertaken?**

Skills Active reached out to its stakeholders throughout May and June, to get feedback on the question of the best destination, post-reform, for on-job training services. We received 175 responses from stakeholders. Of these, 165 responses were in favour of Skills Active establishing an industry-based provider. This included 47 letters of support in favour of Skills Active establishing a provider, 117 survey respondents who also supported a Skills Active provider and 1 response supporting a Skills Active wānanga option. Of those who supported other options, these included Te Pūkenga, a wānanga, an industry body, and an existing PTE.

Respondents were also asked to score all of the available options based on whether they would be an adequate destination for on-job training services. The responses indicated that most respondents were not confident that transition to Te Pūkenga, a wānanga, or an existing PTE would adequately meet their vocational education and training needs as they saw these options representing less responsiveness and understanding, a dilution of voice, and posed a risk to ongoing on-job provision to their learners.

## **Will any arranging training for currently enrolled work-based learners with Skills Active go to other providers?**

No. While there are some qualifications and programmes we believe are better delivered through Te Pūkenga or other providers (for example some business programmes), we believe it is in the best interests of our current learners to grandparent them through their existing programme with Skills Active, rather than transferring them to another provider.

We are in discussions with Te Pūkenga around the assessment of arranging training destinations, and have their support for our recommended transition approach.

We have also been building a relationship with Te Wānanga o Aotearoa, in which both organisations have identified some key areas to collaborate. We are in discussions with Te Wānanga o Aotearoa around formalising this relationship.

## **Will the provider do all the activities that the Skills Active ITO currently does?**

Providers considering taking on arranging training will need to do all the arranging training activities a TITO currently does. This is necessary in order to provide a seamless experience for employers and learners.

## **Will there be a change in the way programmes and services are delivered?**

In the short term, no. We know that what we do works. We want to keep the experience the same for our clients and learners and ensure that the transition process is seamless. However, we also know there are areas where we can improve. We need to have a greater holistic focus on learners, and we need to demonstrate a commitment to growing our capability in teaching and delivering training/education, where this is relevant and needed for our clients and learners. This is in line with the intent of the reform.

## **How will TEC decide which providers will take on arranging training from the TITOs?**

As part of assessing and approving a TITO's transition plan, TEC will assess all providers (Te Pūkenga, PTEs and wānanga) the TITOs have proposed to transition arranging training to.

In assessing the destinations for arranging training for work-based learners, TEC will be looking for assurance that the provider and the transition arrangements:

- support the seamless transition of learners and employers to providers
- retain industry-relevant skills and expertise in the vocational education and training (VET) system
- minimise service disruption in the VET system
- are achievable within the transition period.

## **When would transition occur?**

We are currently planning for an October 2022 transition. This will allow enough time to support any operational shifts and ensure that we have all the systems, policies, processes and infrastructure in place to support a smooth transition. This includes a significant piece of work in accrediting the new provider through NZQA.

## **Funding**

### **How would the Skills Active provider be funded for arranging training?**

Arranging training is funded through the Industry Training Fund (ITF) via standard training measures (STMs). The amount of funding depends on the size of the programme, the length of time expected to complete the programme, and the number of learners enrolled in the programme.

### **How will funding change once the Unified Funding System is implemented from 2023?**

The current funding system will continue to apply until the unified funding system (UFS) is introduced from 2023. The [new funding system](#) will support shifts in delivery so that more learners have opportunities to be exposed to the workplace, including opportunities to earn while they learn. This shift will also ensure that learners and employers are supported through the vocational education system regardless of the setting they are in. The operational policy is still being developed, and TEC will work with the sector over the next year to support the transition to the UFS from 2023.

The UFS marks a significant turning point for all tertiary organisations (including industry training organisations) delivering certificate and diploma qualification levels 3 to 7 (excluding degree study), who will need to adapt to the new funding model. Details of the model are expected in the first half of 2022

### **What will happen if the provider is not funded, funding is reduced, or employers/learners decide to engage with a different provider?**

Based on the assumptions within the Skills Active transition business case, the forecasted financial implications of the transition to a Skills Active provider were favourable over the appraisal period to 31 December 2031.

Financial modelling was undertaken on three scenarios (moderate, high growth and contracted) to test the resilience and robustness of the financial assumptions in the business case. Any substantial loss of current revenue will impact adversely on the organisation. In this scenario new sources of revenue would need to be sought through engaging new clients, sectors or furthering complementary business opportunities.

Within the limitations imposed by the uncertainty about future TEC funding levels, we remain positive about the potential for growth due to unmet demand within our sectors, particularly for volunteers, iwi and the self-employed.

### **Will there be a change in cost of products as a provider?**

We do not yet have full visibility on the impacts the new unified funding system will have on tertiary education organisations financially. However, we are committed to providing affordable and tailored programmes for our clients and learners. We are also committed to reducing barriers, including financial barriers, to ensure everyone has access to quality vocational education. While there remains a level of uncertainty with the funding system at this stage, we are guided by our commitments as we move forward.

### **Skills Active provider – Overarching questions**

#### **Why is the Skills Active provider the best option for transition?**

Skills Active's current models of work-based learning are affordable and highly accessible to both our clients, sectors and learners. Skills Active, by setting up an industry-owned subsidiary commits to carrying on this mahi under the proposed provider structure; and to make every effort to advocate for and secure government funding to ensure qualifications and programmes continue to be affordable for the sectors we serve.

We believe a Skills Active provider will be more agile and responsive to sector needs and provide tailored solutions to the smaller iwi, employers and organisations. This approach would also be likely to retain the voice of the sectors. Transitioning Skills Active's capability, people, processes, systems, IP and assets to a single provider would enable a seamless transition for learners and industries, with continued national reach. As a provider we will be able to gradually integrate off-job training into our programmes, providing greater learning support to our ākonga and better meeting the needs of our clients.

We want to continue to prioritise and nurture the workforce within our sectors. By prioritising their needs, real positive change will flow through to all communities and individuals who access our sectors and benefit from the work they do.

#### **How will the provider mahi be different to what we do now?**

Currently, PTEs are responsible for the delivery or provision of programmes of training or study. This is typically done outside of the workplace and delivered by dedicated trainers.

Our expertise is in the area of work-based learning, and specifically arranging training within these settings. This work will continue, and supporting learning in the context of work will be our specialist area. The Skills Active provider will also be expected to develop capabilities in learning facilitation/teaching in the medium term. This will give us the opportunity, where appropriate, to develop programmes that enhance or supplement our current work-based learning programmes offered through employers and other organisations. In addition, we will be able to better target needs within pre-employment skills and knowledge, continuing professional development, and supporting learning pathways in ways that have previously been legislatively restricted for us as an industry training organisation.

As we move forward, we will also be working more closely with off-job providers. We will avoid duplication and competition within the vocational training system, and instead focus on complementing off-job learning with our provision of work-based learning.

## **Will the Skills Active provider be competing for business with other providers?**

Skills Active has made a formal commitment to reducing duplication and enhancing outcomes for the sector and education system as a whole by promoting collaboration between our work-based learning and traditional provider-based learning.

We are looking to formalise relationships with Te Pūkenga, Te Wānanga o Aotearoa and ultimately other providers that would explore how to best work collectively and in partnership with industry to meet current and future skill needs. This will give us the opportunity and time to discover how the new system should respond to the sectors' needs in the long term, including:

- Learning and training pathways (within and between providers)
- Co-design of programmes
- Tailoring resources to sector needs.

## **What is the medium- to long-term plan for the provider?**

We are currently developing a 3 to 5-year business and academic plan focussed on:

- Maintaining existing quality services to clients and learners
- Improving outcomes for those we can serve better (Māori, Pacific people, people with disabilities, apprentices, and others)
- Growing and diversifying business to areas we were not able to service well as an ITO, including:
  - employment skills
  - volunteers, self-employed/contractors
  - pathways to work
  - continuing professional development
  - embedding teaching/training elements into relevant programmes.

## **Skills Active provider structure**

### **What is the proposed structure of the Skills Active provider?**

The Skills Active provider will be a tertiary education organisation and a NZQA-registered PTE (accreditation pending) serving te ahumahi ā-rēhia sectors – those that support the pursuit of active recreation, leisure and entertainment. It will be a wholly owned subsidiary of Skills Active Aotearoa and a charitable limited liability company (status pending).

### **Why is a subsidiary approach being recommended?**

The subsidiary structure allows us to construct a company that is fit for purpose and can more effectively meet the requirements of NZQA and TEC; while at the same time allowing Skills Active Aotearoa to continue to operate, looking at broader workforce and sector development opportunities that would typically sit outside of the core functions of a PTE (for example auditing, organisational development and assurance, sector advocacy, and other business opportunities). It provides for a clear distinction between parent and subsidiary functions.

### **What is the proposed governance structure of the new provider?**

A number of constitutional documents have been drafted and are undergoing review. The proposed governance structure of the provider includes a number of Skills Active and independent directors. A Sector Advisory Committee will be established to contribute to the operations of the board.

### **Why is this structure recommended?**

This structure will ensure that the new provider is supported by a board with the skills, knowledge, experience and capabilities needed to effectively govern the entity. The structure allows for a strong independent voice, empowered decision making, and meaningful engagement with people undertaking vocational education and training.

NZQA accredited provider boards are expected to have a strong educational background, including experience as governing members of PTEs, who can contribute to education services.

### **How will the provider ensure a strong voice for stakeholders in the governance of the organisation?**

The draft constitutional documents require the establishment of a Sector Advisory Committee (SAC). The SAC provides a consultative forum to engage with business and industry in relation to the quality, currency and effectiveness of the provider's training programmes. The group will exchange ideas, constructive feedback and industry perspectives that are representative of employers, trainers and assessors, and industry and iwi stakeholders including communities at a local level such as hapū and Pacific communities. In particular, the Committee's external members bring critical perspectives about future training options, the relevancy of training and assessment methods to industry needs, and the performance expectations of industry employers in relation to graduate outcomes, to the PTE board.

At an operational level, programme advisory committee(s) will be established to guide the development, delivery and assessment of programmes across each of our sectors.

### **What is the proposed operational structure of the provider?**

The operating model for the provider is currently being designed. A key shift for the new organisation will be enhancing the focus on learner experience, in addition to continuing to deliver the valued support for our clients and the educational quality Skills Active is currently known for.

### **What will happen to Skills Active Aotearoa staff when the provider is set up?**

Our staff are our most important asset. Ahead of the 2022 transition date, staff and assets that support the delivery work-based learning will be transferred to the provider. We will look to support our staff to develop the capabilities to deliver on any new functions as a provider.

### **What will happen to the Skills Active Aotearoa reserves?**

Over time Skills Active Aotearoa has built up good surplus cash reserves. Skills Active Aotearoa will maintain control of its reserves, to be applied in furthering the constitutional objectives of the company. This includes ensuring the financial viability of the new Skills Active provider organisation.

Skills Active will invest capital into establishing the new provider, ensuring a seamless transition and operations from day one.