



# ITO sector update

Issue 2016-2

9 March 2016



## 2015 funding wash-up and recoveries

First up, a friendly reminder that you have until 31 March 2016 to ensure all your 2015 data is up to date and complete in the ITR. A snapshot will be taken on 1 April, and this will be used to calculate your 2015 funding and any recoveries, and your educational performance for the previous year.

In addition, compared with last year, there will be a couple of changes to the calculations. See below.

## Funding recoveries will be calculated using total STMs

From 2015, we will calculate recoveries for under-delivery using total STMs, rather than calculating these separately for industry trainees and apprentices.

In 2014, we only allowed over-delivery of apprentice STMs to be offset against under-delivery of trainee STMs, and not vice versa. We took this approach because:

- › the funding differential was new
- › we wanted to incentivise apprentices over trainees, and
- › we wanted to ensure your mixes of provision were accurate.

Although ITOs can seek Plan amendments to align STMs with delivery within current allocations late in the year, this creates additional compliance. In addition, our monitoring of ITO delivery shows that delivery is very close to your approved mixes of provision.

So we are confident that recoveries calculated on total STMs is now an appropriate approach. However, we will be concerned with any organisation where its delivery is significantly at odds with its approved mix of provision, and this would be subject to separate discussions.

## Over-enrolment recoveries may be waived for apprentice STMs

We are pleased to advise that we have received Board approval to waive over-enrolment recoveries for apprentice STMs from 2015 until 2018, on a case-by-case basis.

We sought this approval so that we could mitigate undue inflexibility arising from the removal of principle-based exceptions in 2014, and to better align funding with our Investment Approach.

We will waive recoveries arising from apprenticeship programmes over 70 credits per annum where those programmes represent reasonable training loads with good performance.

Please note we do not expect to see apprenticeship programmes increase in credit value to take advantage of this. Any decision to waive over-enrolment recoveries for apprentice STMs will be made on a case-by-case basis retrospectively. A key part of our assessment will be alignment to the historic training load of the programme.

Given this, we expect you to discuss any new apprenticeship programme with a proposed training load over 70 credits per annum with your investment manager. Apprenticeship programmes above 70 credits per annum will not automatically qualify for this waiver.

## Literacy and numeracy assessment tool usage

Our Information Directorate colleagues are working on a report for you, which will show you your tool usage for initial and progress assessments of all level 1 and 2 trainees. We hope to have draft reports for you by the end of March 2016. You will be able to have a look at these, as well as the methodology, and provide us with feedback.

## Trainees may access support funded through the Intensive Literacy and Numeracy Fund

We recently advised you that industry trainees may be supported through the Intensive Literacy and Numeracy Fund. We have also advised providers who receive this funding that industry trainees are eligible learners.

Please ensure your staff are aware that funding is limited, so support cannot be guaranteed. Please also ask your staff to familiarise themselves with the literacy and numeracy skill threshold and the minimum level of support that must be provided. This support may not be suitable for all trainees.

The Skills Highway has the contact details of the providers. Further information about Intensive Literacy and Numeracy support can be found on our website: <http://www.tec.govt.nz/funding/funding-and-performance/funding/fund-finder/intensive-literacy-and-numeracy/>

## Financial Monitoring Framework guidelines

We had hoped to publish the framework guidelines and provide you with your individual risk assessment rating, based on information we currently hold about your organisation. Please accept our apologies for the delay.

We now expect this to be available by the end of this month.



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