

Tertiary Education Report: Tai Poutini Polytechnic Capital Injection – Second Instalment

Date:	8 June 2018	TEC priority:	Medium
Security level:	In Confidence	Report no:	B/18/00374
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	<p>Note TEC considers that Tai Poutini Polytechnic is making progress to meet the expectations set out in the Capital Injection agreement.</p> <p>Agree to fund the second instalment of Tai Poutini Polytechnic's capital injection due to satisfactory progress being made against agreed actions and targets.</p>	At your earliest convenience
Enclosure: Yes	Round Robin: Yes	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
9(2)(a)	[REDACTED]	[REDACTED]		✓
Tim Fowler	Chef Executive			

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:**
 Approved Declined
 Noted Needs change
 Seen Overtaken by Events
 See Minister's Notes Withdrawn

Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **note** that TEC has received and agrees with Tai Poutini Polytechnic's (TPP) assessment that progress is being made against all actions and targets agreed in the Capital Injection funding agreement and that the second instalment can be released.
2. **agree** to release the second instalment of \$3.45 million to TPP and send the attached letters to the Ministry of Education and TPP advising them of your decision.

AGREED / NOT AGREED

3. **agree** that the TEC release this briefing in full once it has been considered by you and the letter has been received by TPP.



Tim Fowler

Chief Executive
Tertiary Education Commission

8 June 2018

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

The first milestone report shows TPP is making satisfactory progress

1. Cabinet agreed to give TPP a capital injection of \$8.5 million to enable the polytechnic to maintain its operations and improve its performance in the short term. A funding agreement was signed and the first instalment of \$3 million was paid in early March 2018.
2. The funding agreement required TPP to report to the TEC on 20 May 2018 detailing progress it has made against the agreed targets and actions. If satisfactory, this report would trigger a second instalment of \$3.45 million.
3. TEC received the report (attached as Appendix A) on 20 May 2018 and agrees with TPP's assessment that progress is being made against all targets and agreed actions. The TEC, NZQA and Ministry of Education are working closely with the Crown Manager and TPP management as they work through TPP's change programme.
4. The report identifies (pages 7-15) some key achievements in the first five months of 2018 including:
 - Realising cost savings of \$3.7 million contributing to a reduction in the 2018 forecast deficit from \$4.4 million down to \$2.2 million.
 - NZQA agreed an action plan and is satisfied with progress being made to address quality assurance issues identified in TPP's EER.
 - West Coast employers and community stakeholders have been engaged to assess future workforce needs and delivery options.
5. The change process is being well managed with staff, students and the community being regularly briefed on progress.

The third capital injection instalment is due by the end of December 2018

6. The next milestone reports are due in August and November before the final instalment (subject to satisfactory progress) of \$2.05 million is paid at the end of the year.

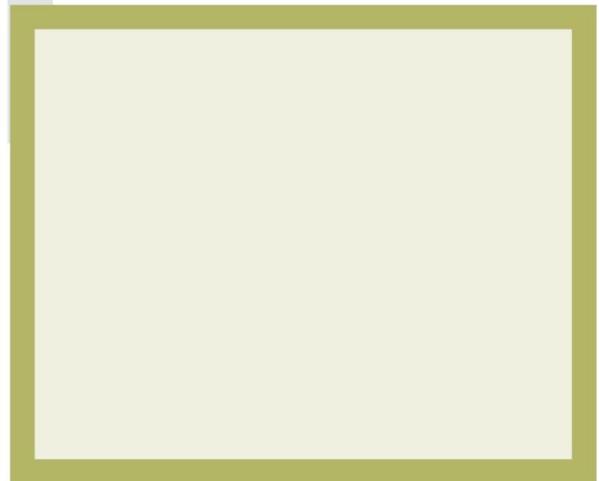
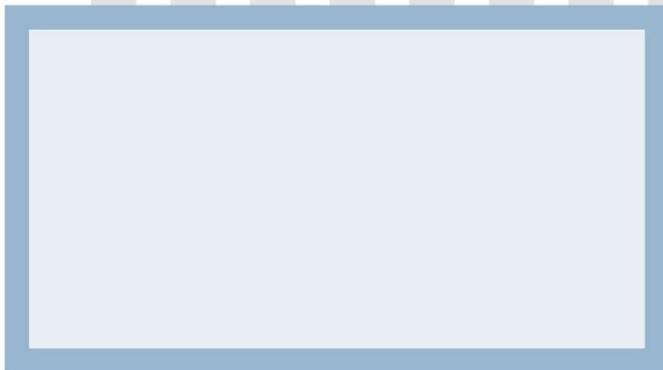
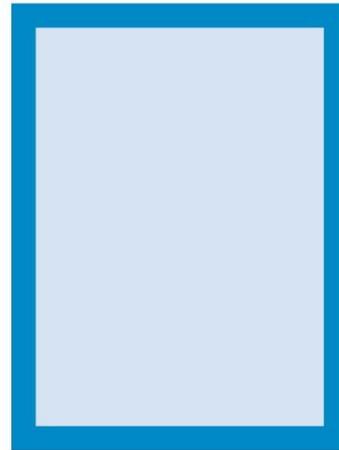
TPP Investment Plan funding for the second half of 2018

7. In late 2017 Investment Plan funding for TPP was agreed for the first six months of 2018, anticipating a decision on the TPP Business Case by June 2018. As you have decided to delay (due to the ITP 2020 project) your decision on the Business Case, funding for the second half of 2018 is being considered by the TEC Board in June. Funding for 2019 will be considered towards the end of 2018.
8. The TPP Crown Manager and Chief Executive have been providing input into the ITP Roadmap 2020 project, reflecting on lessons learnt from TPP's situation.

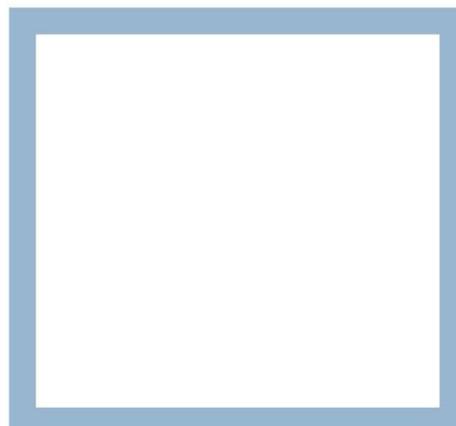
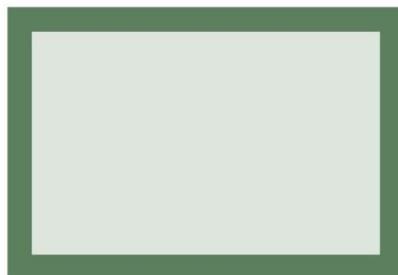
Appendix A: Copy of TPP milestone report



Tai Poutini Polytechnic Capital Injection Funding Progress Report



Period ending 30 April 2018



Tai Poutini Polytechnic is a part of the social and economic fabric of the West Coast. It has the responsibility and privilege of supporting students and their families, and employers across the Coast, to help get young people and learners into the right jobs, to work with employers to understand their work-force needs and ultimately contribute to improving living standards across the region.

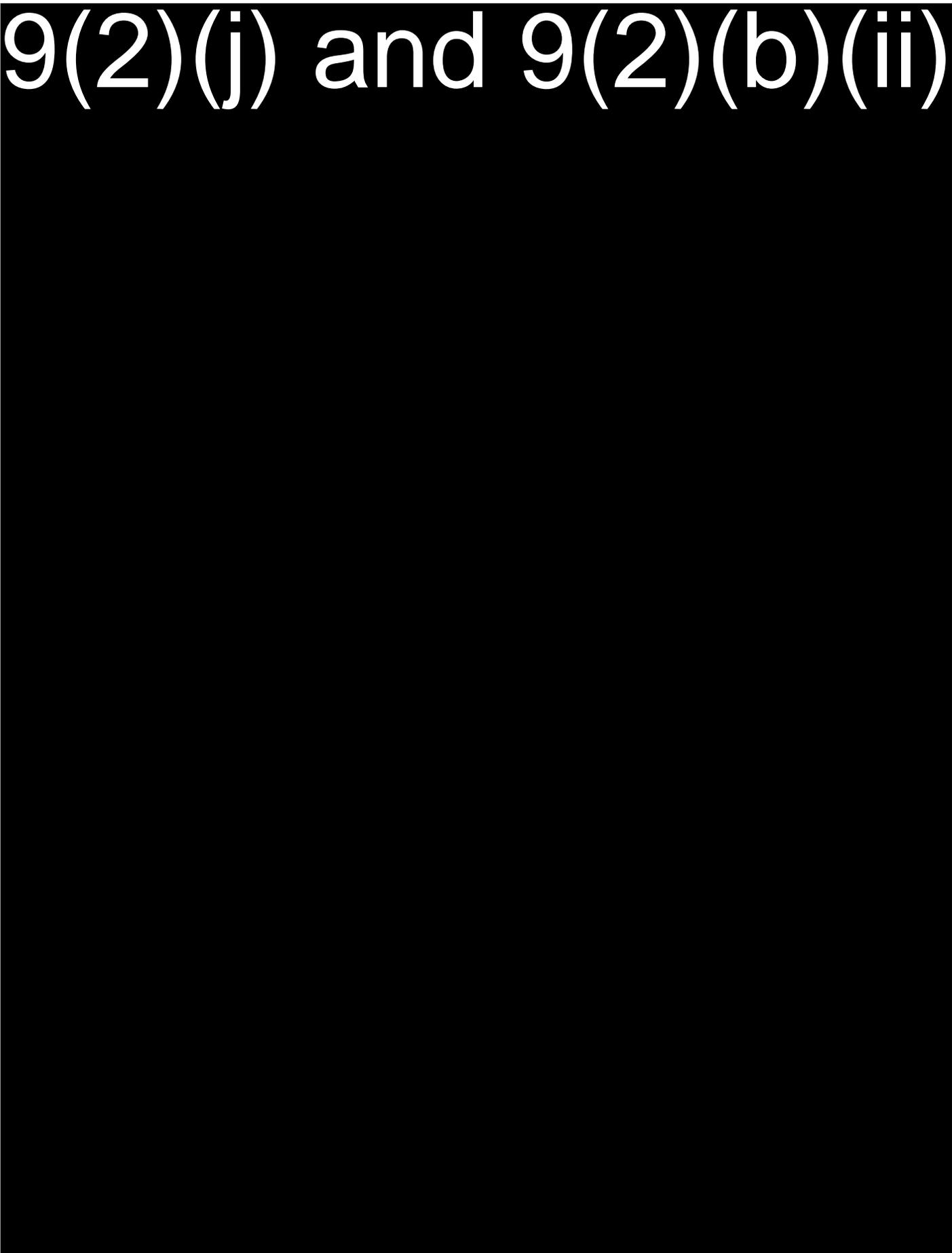
Lifelong learning will contribute to social investment on the West Coast. Tai Poutini Polytechnic is proposing to set up 4 training hubs on the West Coast – Conservation and Sustainability in Hokitika, Primary Industries in Reefton, Engineering and Technology in Westport, Tourism and Outdoor education in Greymouth. Greymouth is also the administrative centre.

This new way of working at Tai Poutini Polytechnic will bring together students, employers and tutors and redefine the nature of those relationships. It begins with listening to what employers need and to the goals and aspirations of our students, and then making the connections early on in learners' time with us to support them on the path to employment either while studying or immediately after.

"Te manu ka kai i te miro, nōna te ngahere. Te manu ka kai i te mātauranga, nōna tea o."

- The bird that partakes of the berry, his is the forest. The bird that partakes of knowledge, his is the world.

9(2)(j) and 9(2)(b)(ii)



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Overview

The Crown has agreed to give a capital injection to Tai Poutini Polytechnic (TPP) to enable it to maintain its operations and to improve performance in the short term. To provide confidence that the capital injection is being utilised as intended this report identifies progress made against three actions and eight targets stated in the agreement. The targets and actions ensure the continued progress of TPP towards improved financial performance, academic quality performance and increased staffing capability.

Reporting Timelines

20 May 2018	Progress against meeting 8 targets and completing 3 actions. At this stage some progress has been made to meet all targets and complete all actions.
20 Aug 18	Progress against 7 targets and 3 actions. At this stage progress has been made to meet all targets and complete all actions. One target is complete: Develop and document relationships with SIT, Open Polytechnic, Te Wananga o Aotearoa
20 Nov 18,	Progress against 5 targets and 3 actions. At this stage considerable progress has been made to meet all targets and complete all actions. Three targets are complete: <ol style="list-style-type: none"> 1. Develop and document relationships with SIT, Open Polytechnic, Te Wananga o Aotearoa by July 2. Workforce and training needs analysis completed for West Coast region by August 3. Mix of provision aligned with West Coast region workforce and training needs analysis by October
20 Feb 19	All targets are met and all actions complete.

For the purposes of this report items are indicated as on track, completed or at risk with the following visual images:

On track 

At risk 

Completed 

Communicating TPP change to stakeholders

There are five key areas of focus – or Pillars, as we are calling them – that underpin our drive towards a different future. We'll be tracking progress in these areas and keeping our stakeholders updated on how we are doing using these five pillars as the vehicle for that communication.

The five pillars represent the overall goals of the organisation and each link directly to the 8 targets and 3 actions that we have agreed to meet as part of the capital injection funding agreement.

1. Quality – Lifting our game – going from Category 4 to Category 3
2. Finances – Making every cent count – Ongoing operational savings of \$5m
3. Organisational Structure – Getting into shape – Cost effective, efficient structure
4. A clear focus – delivery that meets the demand of locals
5. Putting people first – in the best interests of students, employers, staff and West Coast economy



Progress against targets and actions

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Actions progress summary

1. Ongoing Cost control and measures – making every cent count



Much of the work underway to create a better future for quality tertiary education on the West Coast has focused on the need to deliver training programmes in a way that becomes financially sustainable. We have been working internally, and together with our partners, to identify cost savings and create efficiencies. Progress to date is outlined below.

9(2)(j)

- Reduced depreciation costs
 - Depreciation at 30 April 2018 costs are 30% less than the same period in 2017. This has been achieved by the divestment of the MAINZ assets and a rationalisation and sale of vehicles. This rationalisation and sale is part of our work to re-focus on the things that

- matter most to the organisation – it is an ongoing exercise that should return further savings for 2018 and beyond.
- Operating cost reductions
 - TPP has transferred MAINZ to Southern Institute of Technology on 31 January 2018.
 - Agreed disposal of 14 vehicles, plus 6 currently being prepared for sale. Book value at the end of April is 30% less than at the end of 2017.
 - 34 mobile phone contracts and 6 data contracts have been cancelled over the last twelve months, given the base fee for each contract type this represents a monthly cost reduction of \$1,288.
 - We have also disposed of 91 iPads. The majority of these devices were part of the MAINZ transfer and did not attract monthly operational charges.
 - Reduced credit card holders by 70% to tighten controls. Cancelled 53 credit cards.
 - Redeployment of EMSAR management functions to reduce cost and re focus on West Coast region.

2. Improving quality systems and processes



One of the key pillars in TPP’s drive to create a better future is to focus on quality across the board. We have already made a range of improvements or changes with the aim of lifting our game. These include:

- EER Improvement Plan developed in conjunction with NZQA to address nine objectives identified by External Evaluation and Review. Progress against the action plan is being monitored internally by the EER Improvement Group and externally by NZQA. NZQA has reviewed progress and on 26 April TPP received a response letter that stated NZQA “Is satisfied that TPP are making good progress against the agreed action plan.” The letter is attached as Appendix 1
- Quality of teaching and learning is being addressed with a Teaching and Learning Committee set up to evaluate, monitor and review continuous improvement.
- Academic Board and sub committees Terms of Reference have been reviewed and amended including membership.
- Alignment of Quality Management Systems (QMS) has started with Southern Institute of Technology and TPP QMS mapped to identify gaps and areas of improvement.

3. Improve responsiveness to students and employers on the West Coast

We are working hard to involve our community, regional and industry partners in our plans for the future. Our focus is on creating better together and this sense of “togetherness” is at the heart of everything we’re doing to create a different and better future for quality tertiary training on the West Coast. We are spending a lot of time discussing plans and ideas with our partners – examples include:

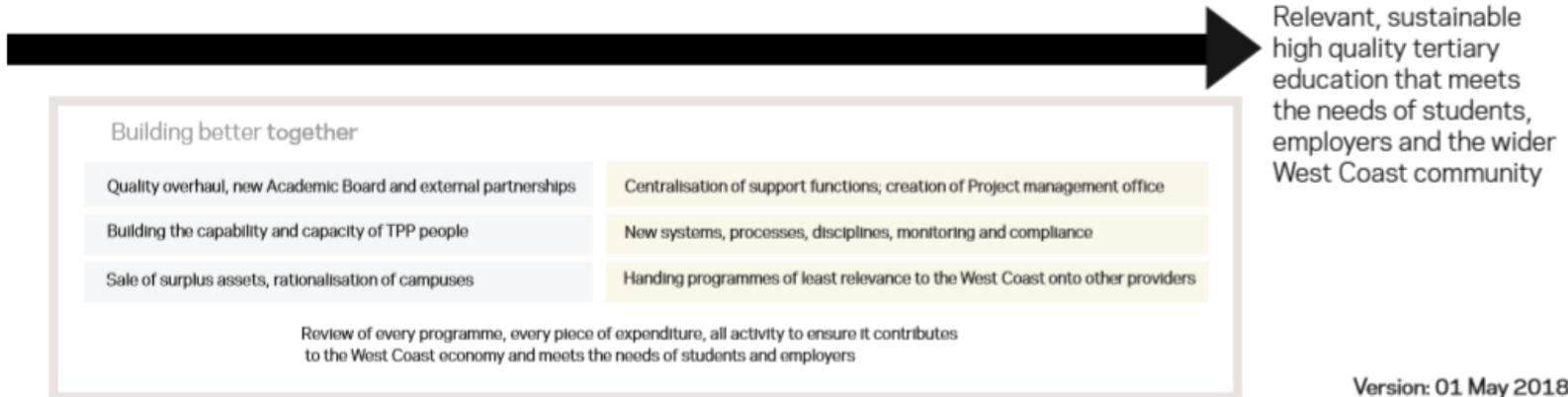
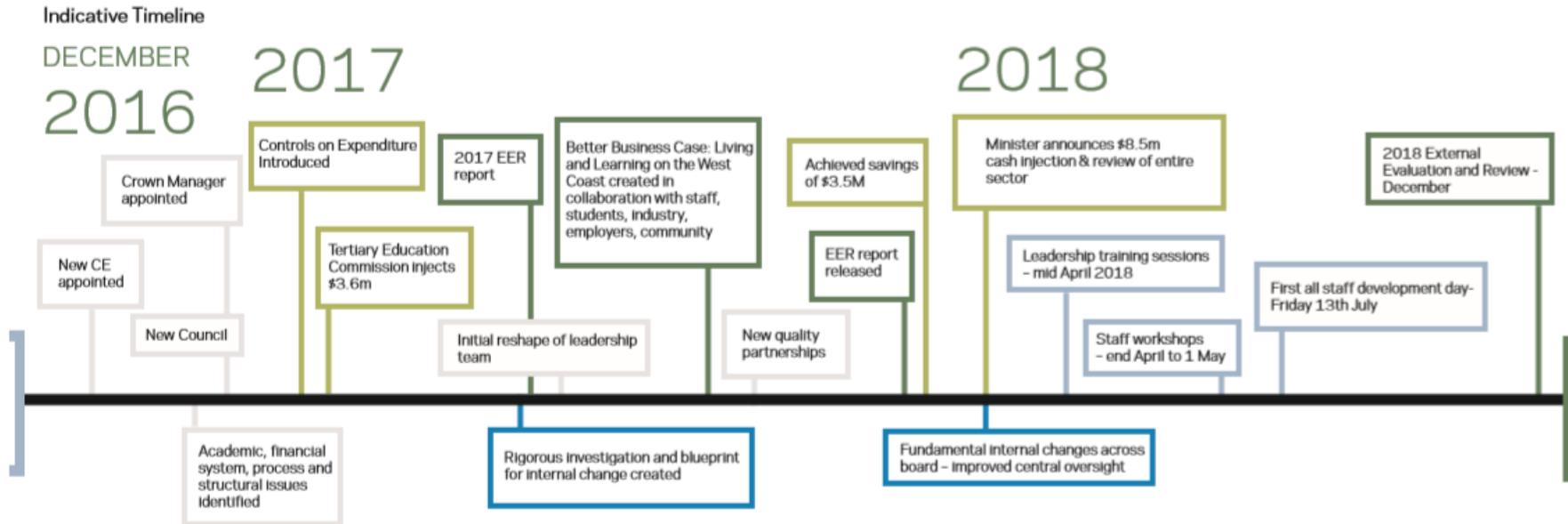
- Workforce and training assessment for the West Coast initiated.
- To inform the range of offered programmes designed to meet the needs of West Coast students and families a number of activities have been initiated. They are:
 - Survey of workforce requirements completed in collaboration with Development West Coast completed
 - TPP Stakeholder Review – review of all stakeholders and current engagement activities to ensure all key groups are being involved in discussions and identify gaps in communications.
 - Development of a 2018 TPP Communications and Stakeholder Engagement Plan is underway that will target various stakeholder groups to ensure they are receiving information about what’s available at TPP, and offering channels for discussion and feedback.
 - West Coast Think Tank held its first meeting 17 April. Objective: The future for West Coast Regional Vocational Education.
 - The Think Tank group is comprised of representatives from; Tai Poutini Polytechnic; West Coast Development; West Coast secondary schools; Rūnunga; Industry representatives; Research First – workforce analysis; The Tertiary Education Union; Ministry of Education; New Zealand Qualifications Authority; Tertiary Education Commission.
 - Industry representatives from Fusion Networks and VertigoTech, outlined the learning, both methods and modes that would allow their businesses to significantly support economic growth, the retention of both people and businesses on the West Coast, and ensure pathways for both those leaving school and transitioning careers. The group responded positively to these requirements and agreed to work alongside Tai Poutini Polytechnic to support the industry and community. Outcomes of the work with these industries will inform and innovate further deliveries across a wide range of industries on the West Coast.

- Provision of programmes through the West Coast Academy
 - Promotion of the Trades Academy to generate interest in and understanding – media release issued 5 April 2018 highlighting increase in enrolments, published in local media.
 - 2018 Trades Academy offerings extended.
 - Development of hub for career and employment
 - Living and learning on the West Coast web application is being explored that will connect job ‘Seekers’ to Employers. Recognising that a healthy society is one that facilitates and supports not only industry but also community, the concept of tautoko (encouragement, support and advocacy) is embodied within the fundamental design. TPP will actively work with each Seeker to assist them in gaining relevant experience, making contacts with Employers, and providing them with a tailored learning pathway. See Appendix 1 for presentation.
 - Promotion of TPP campus and facilities as a resource through the community by inclusion of key messages about shared facilities in various publicity and promotional activities e.g. Techweek’18 media release and stakeholder updates.
 - Development underway to identify specialist Hubs to align with West Coast economic development and workforce requirements. See map below for initial proposed sites for specialisation based upon work completed to date.

Potential TPP Specialist Hubs



Progress Timeline



Version: 01 May 2018

Targets progress summary

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2



Improve EER rating to category 3 by December 2018

- EER Improvement plan developed in conjunction with NZQA to meet 9 objectives outlined in the EER Report. Received response from NZQA satisfied with progress to date see Appendix 2.
- Centralisation of the Academic structure to improve oversight of academic standards and integrity.
- EER Improvement Reference Group established and is monitoring NZQA actions.
- Council Education Performance Indicators workshop delivered. Regular sessions held with Council to improve self-assessment capability.
- Self-assessment competency building sessions implemented for management group.

30%

3



GETTING INTO SHAPE

GOAL: cost effective, efficient structures, systems and processes that support excellence in teaching/ learning and the staff, student and employer experience.

Centralisation of organisational structure to enable quality improvement and oversight

- Workforce Analysis focus groups conducted and questionnaires sent to staff in the corporate and support areas to determine capability gaps for analysis of future needs.
- Academic functions and Departments report directly to CE to improve centralisation of oversight of academic and operational requirements.
- Changes made to position descriptions for senior management to clarify responsibilities.
- Stage 2 Change process currently underway being considered for the corporate and management restructure.

20%

4



LIFTING OUR GAME

GOAL: shift from a Category 4 to Category 3 EER provider; sustained quality improvement.

Develop and document relationships with SIT, Open Polytechnic, Te Wananga o Aotearoa

- MoU developed with SIT for moderation and 700+ assessments have been pre-assessment moderated.
- Student support and pastoral care assistance in Auckland discussed with Te Wananga o Aotearoa. Co-location in Wellington discussed.
- Open Polytechnic collaborative partnership taking shape. A number of initiatives under development such as remote delivery through schools for Buller District, West Coast Civil Defence project, IT delivery for the West Coast and search and rescue training.

60%

5



GETTING INTO SHAPE

GOAL: cost effective, efficient structures, systems and processes that support excellence in teaching/ learning and the staff, student and employer experience.

Improve management and compliance accountabilities

- Timesheets checked centrally to monitor payroll expenditure for casual staff.
- HR processes aligned, compliance checked and streamlined.
- Consistency on contracts for service and extra controls implemented in Finance One.
- Asset Resource Coordination Group set up to rationalise asset utilisation.
- A single Management Forum underway to improve role accountabilities and consistency.
- Updated senior management position descriptions to clarify role responsibilities.
- New HR team in place on the West Coast to support compliance requirements and support staff with their compliance requirements.
- New management reporting framework developed and implemented.
- External Health and Safety Review completed.

30%

6



LIFTING OUR GAME

GOAL: shift from a Category 4 to Category 3 EER provider; sustained quality improvement.

Increase staff academic and self-assessment capability

- Regular Capability workshops delivered to staff and management and wider staff.
- NZQA action plan developed.
- Organisation EPI data centralised and dashboards being developed.
- Helpdesk software piloted to inform quality improvement, monitoring and internal customer service.
- Support Managers Group established to bring about continuous improvement to customer service and student experience.

30%

7



PUTTING PEOPLE FIRST

GOAL: everything we do is in the best interests of students, key employers, our staff and the West Coast economy.

Workforce and training needs analysis completed for West Coast region

- Workforce analysis initiated.
- Survey West Coast in collaboration with Development West Coast data sourced.
- Stakeholder meetings held to determine needs.
- Enquiries, applications and withdrawals analysis started to determine what delivery is not meeting demand.
- Augmented reality project in conjunction with local Iwi and schools developed as part of introducing technology into schools.

10%

8



A CLEAR FOCUS

GOAL: our programmes are concentrated in the subject areas with the best prospects of jobs for our students, and of greatest demand from local employers .

Mix of provision aligned with West Coast region workforce and training needs analysis

- Workforce analysis initiated.
- Survey West Coast in collaboration with Development West Coast data sourced.
- Think Tank Group convened to discuss regional vocational education challenges and inform project.
- Matching app being developed that aims to match employers with West Coasters seeking work. TPP acts as the 'mixer' providing added value training, career services and support to seekers and employers.

10%

9(2)(j) and 9(2)(b)(ii)

9(2)(j) and 9(2)(b)(ii)

9(2)(j) and 9(2)(b)(ii)

Capital Injection spend as at 30 April 2018

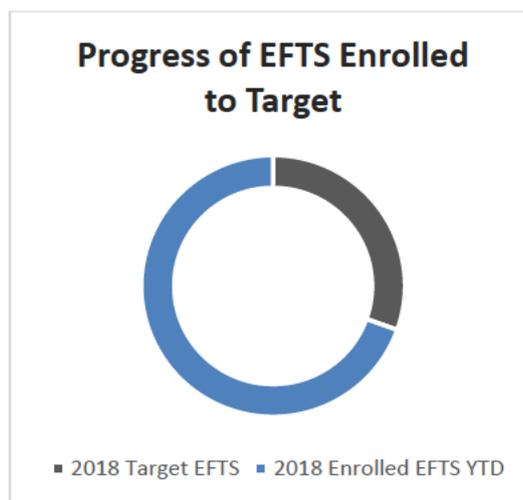
As at April 2018 \$452k of the capital injection spend has been allocated to the following areas:

- Project Management
- HR and Change Management
- Staff Development
- Academic
- Systems
- Facilities and Capital
- Communications and Student Assistance
- Compliance

Project codes have been allocated to the TPP Transition Project to ensure detailed capture of expenditure. A full breakdown will be available for the next report.

Number of EFTS enrolled

Target EFTS	899.8
Enrolled EFTS YTD	625.76 as at 30 April 2018





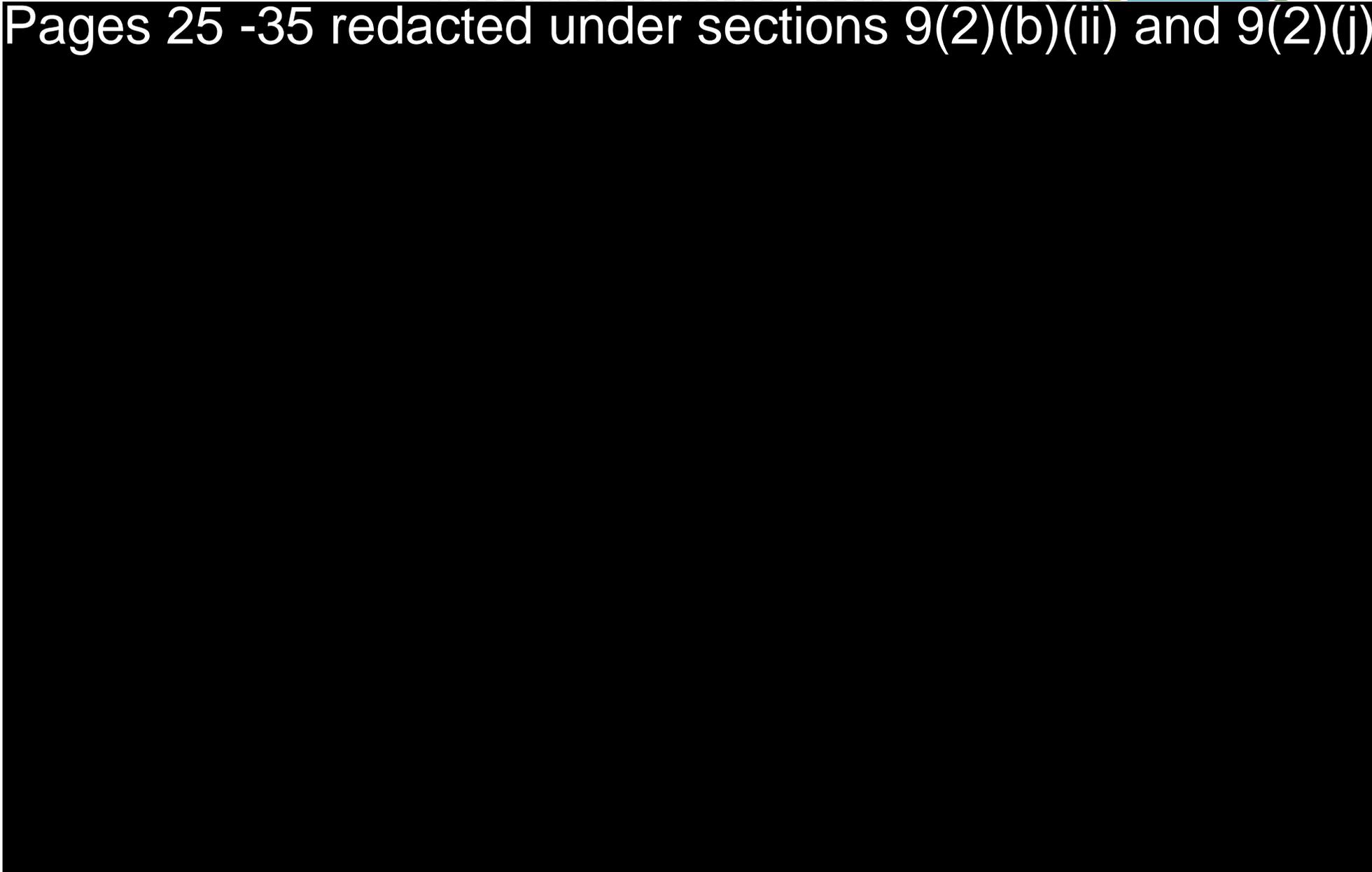
Cash Flow

9(2)(ba)(i), 9(2)(g)(i) and 9(2)(b)(ii)

9(2)(ba)(i) and 9(2)(b)(ii)

Appendix 1

Pages 25 -35 redacted under sections 9(2)(b)(ii) and 9(2)(j)

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Appendix 2



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Together

NZQA Response to EER Improvement Plan 2018

Response to EER Improvement Plan 2018

Institution: Tai Poutini Polytechnic

Date: 26 April 2018

Case Number:

1. Background

Following an EER undertaken in 2017 and an EER report published on 30 November 2017, Tai Poutini Polytechnic (TPP) was classified by the New Zealand Qualifications Authority (NZQA) as a Category Four.

Not yet confident in educational performance

Not yet confident in capability in self-assessment

The EER report made a number of recommendations to TPP:

- *Strengthen self-assessment systems, processes and capability to improve and support effective management and oversight of educational and organisational performance.*
- *Develop effective processes to ensure that planned improvements are implemented consistently across the organisation and that the impact of improvement initiatives are regularly monitored.*
- *Prioritise the implementation of an effective regime for maintaining academic standards and integrity, including ensuring a more robust and consistent approach to assessment and moderation practices.*
- *Strengthen processes to ensure accurate, valid and timely data is available and analysed to inform self-assessment activities and decision-making.*
- *Improve support and guidance for staff research.*
- *Improve the accountability and management of learning and support services, to improve understanding of how well services are contributing to learner wellbeing and success.*
- *Improve stakeholder engagement processes to increase understanding of the needs of communities and industries.*
- *Ensure each programme systematically collects information on graduate destinations and the effectiveness of graduates in the workplace, and analyses the data to inform programme development.*
- *Improve processes to ensure effective management of important compliance accountabilities across the whole organisation*

As a result of TPP's Category Four status, the institution was obliged to present NZQA with an action plan – this to be approved by NZQA, and then monitored over the period leading through to a follow-up EER. The action plan was initially sent through and discussed to NZQA on 22 and 31 January 2018 respectively.

Due to the concerns noted by NZQA, the Tertiary Education Council (TEC) and the Ministry of Education (MOE) in relation to the Category Four rating meetings have taken place over the past six months and a decision was by NZQA and TEC senior management to undertake a

joint approach to the action plan. Under this arrangement, NZQA and TEC pool information, and will both discuss the action plan and the updates. Discussions between the two agencies take place on a regular basis, and representatives of the agencies have attended all meetings with TPP senior staff. Meetings have taken place at TEC and NZQA in Wellington, and at TPP in Greymouth.

TPP submitted the first iteration of their action plan to NZQA on 22 January 2018. This response is to the submission of the updated plan sent to NZQA on 20 April 2018.

This updated plan was discussed at a meeting at the TPP campus in Greymouth on the 17 April 2018 between TPP, NZQA, TEC and MOE. The action plan has an end date of 23 July 2018.

At this stage, it is proposed that TPP's next EER will be held in December 2018.

2. Reporting

The action plan will be updated on a regular basis until the end of 2018 when next steps will be discussed. TPP is expected to report when the timelines for actions or key task have been met and if they have not been met the reasons should be outlined.

3. TPP Action Plan (20 April 2018)

It should be noted that TPP's action plan is not only as a result of the EER process and outcome. It is evident from discussions with TPP senior staff, documentation provided to NZQA, that some of the issues addressed in the action plan had started to be dealt with in 2017.

The TPP action plan is structured into nine objectives which correspond with the recommendations made in the EER Report, see above. The completion dates for the actions or key task to be undertaken to meet these recommendations span from 19 January 2018 to February 2019. Updated action plan received on 20 April 2018 is attached as Appendix 1.

In summary, the updated action plan provides an overview of the following 'milestones':

- Objective 1a – completed by 21 February 2018 a reference group established with terms of reference, meeting schedule, meeting minutes and action plan electronic evidence stored in central repository;
- Objective 1b – completed by 15 March 2018 review completed of systems and process against Southern Institute of Technology (SIT)'s quality management system, systems and processes. Transition action plan underway to be reported to reference group 16 May 2018;
- Objective 2a – completed by 28 February 2018 – improvement process documentation;

- Objective 3d – completed by 19 January 2018 MoU and action plan negotiated and agreed to by SIT and NZQA;
- Objective 4a – completed by 14 February 2018 reference group established and has terms of reference meeting schedule, meetings minuted and an action plan;
- Objective 6a – completed by 28 February 2018 Student Support Services Manager appointed;
- Objective 7a – completed by 31 March 2018 policy and processes reviews against SIT's QMS and processes for stakeholder engagement.

In addition to the above due dates for the following have been exceeded:

- Eleven of the actions/key tasks are underway and more than 50% complete;
- Eleven of the actions/key tasks are underway but are less than 50% complete;
- Two, 5a and 5b have not been started and timeframes extended to May.

NZQA understood the pressures that TPP are under to complete these actions and key tasks within a very limited timeframe and with limited resources. The reasons given for the twenty-four actions/key tasks are accepted.

However, NZQA notes that Objectives 8a, 8c, 8d, 9a, 9b have had the timeline extended to May 2018 therefore it will be expected that the newly set date for completion will have been achieved when the next update is received at the end of May 2018.

Based on the actions and outcomes received in this updated action plan, NZQA:

- Has received updates from TPP against all agreed 'milestones' ;
- Has engaged in informal and formal meetings with TPP;
- Has been given the opportunity to collect information in meetings with TPP;
- Is satisfied that TPP are making good progress against the agreed action plan.

Susan Smart
 Manager – Approvals and Accreditation, QAD

26 April 2018

Appendix B: Draft letter to the Secretary of Education for your signature authorising the payment of the second instalment of the capital injection

Iona Holsted
Secretary of Education

Dear Iona

Capital Injection for Tai Poutini Polytechnic (TPP) – Second Instalment

As you will be aware Cabinet has approved a capital injection for TPP (SWC-18-MIN-0005 refers) to enable the polytechnic to maintain its operations and improve its performance in the short term.

The second instalment of \$3.45 million was subject to receipt of a milestone report that shows progress against agreed actions and targets. The report has been received and I am satisfied that significant progress has been made.

I therefore request that you now make the second payment to TPP by the end of June to support the polytechnic's ongoing change programme.

Yours sincerely

Chris Hipkins
Minister of Education

Appendix C: Draft letter to the TPP Crown Manager for your signature, acknowledging the progress being made and that the second instalment of the capital injection has been authorised for release

Murray Strong
Crown Manager

Dear Murray

Capital Injection for Tai Poutini Polytechnic (TPP) – Second Instalment

I am writing to acknowledge the significant progress being made against the agreed actions and targets in the Capital Injection Funding Agreement.

I am pleased to see that arrangements are now in place with Southern Institute of Technology to ensure quality delivery of tertiary education on the West Coast. I also note the steps being taken to reduce costs and align provision with the needs of regional stakeholders.

I have authorised the Secretary of Education to release the second instalment (\$3.45 million) of the capital injection and this should be with you shortly.

Yours sincerely

Chris Hipkins
Minister of Education