

**Tertiary Education  
Commission**

Te Amorangi Mātauranga Matua



**Making investment easier  
for PTEs, Schools and  
Community Education  
Providers from 2016**

*Discussion Paper – December 2015*



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## What is being proposed?

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### We propose a different way to managing our investment with private training establishments (PTEs), schools and community education providers (CEPs) from 2016

As part of the new Investment Approach we want to manage our investment with you in a way that is more proportionate to the amount of funding you receive. This approach recognises the wide variety of organisations in the sector. We are seeking your feedback on our proposals, in particular:

1. Making small and medium-sized PTEs, schools and CEPs exempt from the requirement to submit an investment plan (plan) from 2016.
2. Simplifying plan processes for those still required to submit a plan.

### In our initial Investment Approach workshops, you told us that our current “one size fits all” approach to PTE, school and CEP funding needs to change

The TEC Investment Approach is about improving how we invest in the tertiary education system to better achieve outcomes for learners, the economy, and our society. You can read more about it in our Plan Guidance available on our website.

We want to involve you in the design of the Investment Approach, and strengthen our partnerships by working with the sector and employers to achieve mutually beneficial outcomes.

We enjoyed meeting with you at our Investment Approach workshops earlier this year. Through these discussions we gained valuable insights into what is working, what we need to continue to improve, and how to work with you more effectively.

Your feedback strongly indicated that our current “one size fits all” approach to funding PTEs, schools and CEPs needs to change to better reflect the diversity of the sector.

You indicated support for a differentiated approach that would reduce compliance costs and increase opportunities for purposeful engagement. You also told us that you appreciate the opportunity to engage with TEC people to discuss provision and performance and that you would like regular engagement opportunities.

We heard that you want to work in partnership with us.

### We are proposing a differentiated approach to investment, with simplified plans for larger organisations, and exemptions from plans for smaller ones

Currently all PTEs, and most CEPs and schools, must submit a plan to receive TEC funding. We don't tend to engage with many of these organisations about their plan unless we have something specific to discuss with them or they approach us for a conversation.

We are proposing to change this so that our investment process is more proportionate to the size of our investment. We aim to:

- > Reduce your compliance costs
- > Increase our capacity to engage with you on the things that matter
- > Simplify our business processes.

### **Some things won't change**

Some requirements will remain the same for all organisations, whether funding is approved via a plan or through other funding arrangements, such as:

- › high-performing tertiary education organisations (TEOs) may have funding approved for more than one year
- › funding conditions will be attached to funding approval
- › we will agree a specific mix of provision with you
- › you will need to meet your performance indicators
- › reporting and monitoring requirements will continue.

We will also continue to use Workspace 2 to securely collect information from you.

## **Proposal One: Making plans simpler for large PTEs**

### **We intend to simplify plan content and processes for:**

- › PTEs that receive a significant amount of TEC funding
- › TEOs new to TEC funding (for at least the first year).

We will work with you to develop plans that have a more standardised format, streamlined processes, and that are supported by a shared engagement approach.

We will also consider developing an over-arching plan for groups of TEOs with a shared ownership structure that together receive a significant amount of TEC funding.

#### **TEOs new to TEC funding would require a plan**

TEOs new to TEC funding would be required to have an approved plan, and be managed via a plan, for at least their first year of funding. We want to engage more closely with these organisations until we understand more about them and how they are performing.

#### **How will we engage with large PTEs going forward?**

Large PTEs requiring a plan will continue to be supported by us through ongoing engagement via an Investment Manager.

We will continue to expect large PTEs to develop plans that deliver outcomes for learners, employers and other stakeholders. These organisations will need to stay on top of their performance and engage with the TEC about planned changes to delivery.

## **Proposal Two: Small and medium-sized organisations won't need plans**

### **We intend to exempt some organisations from plans**

We intend to remove the requirement to submit a plan for small and medium-sized PTEs, schools and CEPs.

Managing more TEOs without plans will enhance our ability to manage funding in a more responsive, dynamic and timely way – by approving changes through streamlined processes rather than plan amendments. We anticipate this approach will free-up our resources to focus on more value-adding interactions with you and lower compliance costs for your organisation.

TEOs exempted from plans would have funding approved through a funding letter, rather than a plan funding approval letter. This letter will set out the conditions attached to your approved funding.

We would still approve proposed provision and performance commitments. We would continue to use templates to collect and agree the details, and these would become part of your funding letter. More information about these changes will be available in early 2016.

Where additional funding is available for reinvestment, high-performing TEOs will still be able to signal an interest in increasing their funding allocations. Signaling an interest in additional funding will not be dependent on submitting a plan.

TEOs exempted from the requirement to submit a plan will still have an opportunity to discuss proposed changes in their organisation's future direction with someone at the TEC.

We would continue to review performance, relevance and regional need when making future investment decisions.

## Which organisations will be exempt from plans?

We intend to make plan exemptions based on the total amount of TEC funding an organisation receives.

For groups of organisations with a shared common ownership structure, we may look at the total approved value of TEC funding they receive.

We are considering setting the threshold for plan exemptions at approved TEC funding of \$2 million or \$3 million.

The number of organisations that would be required to submit a plan under each option is shown below:

### Option 1: Making TEOs that receive less than \$2 million exempt from plans

- About 45 large PTEs would continue to submit a plan. This equates to about two thirds of all on-plan funding invested in PTEs, schools and CEPs.
- About 230 small and medium-sized TEOs would not be required to submit a plan.

### Option 2: Making TEOs that receive less than \$3 million exempt from plans

- About 30 large PTEs would continue to submit a plan. This equates to about half of all on-plan funding invested in PTEs, schools and CEPs.
- About 245 small and medium-sized TEOs would not be required to submit a plan.

## How will we engage with organisations exempt from plans going forward?

We will continue with our plan to visit all organisations over a period of 12 to 18 months, so we can stay in touch with your organisation and also maintain a current overview of the sector.

All TEOs exempt from plans can expect us to continue to engage them at key points in the year to discuss:

- › any performance issues identified through monitoring
- › variations in delivery levels against those agreed with you
- › changes to your mix of provision
- › any changes you have signaled in your organisation's future direction identified in your mix of provision or other contact with you.

We will continue to engage with you in a range of ways for example by phone, email, video conference, meetings or visits.

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## Indicative timeframes and next steps

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We will communicate our decisions about plan exemptions in early 2016. We will work with organisations that continue to require a plan to develop simpler processes, and with exempt TEOs to develop the processes that will support their new funding letters.

Some key steps and indicative timeframes are outlined in the table below.

Date	Key steps
8 December	Discussion paper released
21 December	Closing date for feedback on proposals via Survey Monkey
Early 2016	Plan exemption decisions and work starts on simplifying plan processes
April 2016	More information about streamlined plans available
June 2016	More information about requirements for TEOs exempt from plans available
Late 2016	2017 funding approved

## We want to hear your feedback on our proposals

We welcome your feedback on the proposals in this paper about a simpler approach to managing our investment with you including proposed plan exemptions for small and medium-sized organisations.

Please complete the Survey Monkey feedback questionnaire by **Monday 21 December 2015**. A link to the questionnaire is available on our website.

We will also discuss these proposals with groups representing your sector and the Investment Approach Sector Reference Group (SRG).