

In-confidence

Quarterly Report

to the Tertiary Education Commission

Report period: Q2 2022 (April – June 2022)

29 July 2022

In confidence: Tim Fowler, Chief Executive, Tertiary Education Commission



Te Pūkenga

Table of Contents

Te Pūkenga reset.....	3
The quarter in review.....	5
Council work plan summary.....	5
Transformation Programme update	5
Financial position	7
People and Culture.....	8
Other issues of note	8
Transformation – Operating model and programme business case	11
Transformation update	11
Operating Model	13
Te Pūkenga work plan dashboard.....	15
Work plan progress tracking	15
Te Pūkenga enterprise risk register	15
Financial performance	16
Group year-to-date	16
Parent year-to-date.....	17
Use of crown funding.....	18
Consolidated financials	19
Educational priorities	24
Appendix	
Te Pūkenga Action Plan for Quarter Three, 2022	28

Te Pūkenga reset

Since the end of the quarter, there have been some significant changes to Te Pūkenga that have resulted in a reassessment of transition risk and a significant reset of the transition pathway.

These changes are:

- The Chief Executive, Stephen Town, requested personal leave as of 8 July 2022 and the Council agreed to it.
- Council appointed Peter Winder as the Acting Chief Executive commencing on 9 July 2022.
- The consultation of the proposed organisation structure was postponed from 19 July 2022 to August 2022 to provide time for a focused reset that enables Te Pūkenga to address our financial position and the concerns that have been raised by the Minister of Education and the Tertiary Education Commission (TEC).

Te Pūkenga accepts the concerns of the Minister and the TEC, in particular we are simply not where we need to be in the transition process, especially our current financial position and the alignment of our proposed operating model and organisation structure to ensure a sustainable network. Te Pūkenga apologises for not making the progress that is necessary and for the situation that we are now in. We note the large amount of work that is now required to deliver the vision of the reform of vocational education (RoVE). We are resetting our focus and have developed an action plan that is focused on addressing these immediate issues.

On 21 July 2022, we discussed with the Minister with the plan that included actions to address concerns about being financially sustainable. The plan is **attached** at Appendix One.

In response to the Minister's specific concerns as annotated on the TEC's aide memoire, 'Te Pūkenga quarterly monitoring report – March 2021 quarter' (16 May 2022):

- Regarding concerns about the Programme Business Case (PBC), we will be revisiting the PBC provided to the Minister on 30 June 2022 based on the revised proposed organisation structure. Our immediate focus is achieving financial sustainability and setting the institution up to succeed on the viability / sustainability targets in 2023 and beyond.
- Regarding concerns about management and staffing in Te Pūkenga head office, we are resetting the focus to ensure that we deliver on Minimum Viable Product (MVP). We are setting aside for now any activities that are not mission critical for 31 December 2022.
- Regarding concerns about the dissolution of subsidiary ITP boards without a clearly defined new organisation structure, we are revising the proposed organisation structure to ensure a sensible transition of ITPs into Te Pūkenga between now and 31 December 2022.
- Regarding concerns about the transformation planned and our financial performance, we have developed an action plan that will see a suite of actions that will transform as well as being fiscally sustainable including:
 - Re-assessing the current design of the organisation structure to fit with the MVP and ensure clarity at different Horizons;
 - Identifying savings for this financial year and putting actions in place for future years;
 - Revisiting programme duplication and its mix to see if it can be delivered in a more cost-effective manner as well as developing a plan to transition to integrated / work based learning;
 - Determining the industrial relation implications of the above shift in mix of provision;

- Getting foundation, zero-regrets technology projects underway; and
- Supporting our network to expand employers currently engaged with the vocational education system and maintain the volume of teaching and learning.

Therefore, the following Quarterly Report does not include the full suite of normal reporting. Aspects of our reporting will be separately provided to the Minister as soon as possible. We will report on our progress in the next Quarterly Report. We will also be providing the Minister and TEC with regular briefings as our Council and Transformation Committee will be meeting more frequently.

The quarter in review

Focus for Quarter 2 2022 was on:

- aligning Te Pūkenga work plan (the work plan) to the Minimum Viable Product (MVP) for Horizon 1 (1 January 2023) agreed with the Tertiary Education Commission (TEC)
- undertaking costings with subject matter experts
- developing an MVP aligned critical path, and
- finalising the proposed Organisation Design to enable consultation with kaimahi and engagement with other stakeholders to commence on 19 July 2022 (which did not go ahead due to the reset of focus) – this was a significant undertaking to progress the mapping process right across the network with approximately 12,000 ITP subsidiary and 1,200 TITO kaimahi (staff) to consider.

Another important milestone in the transformation space was submission of Te Pūkenga Programme Business Case (PBC) to the Minister of Education on 30 June 2022 for his consideration. While this is not the end point of the process, it was an integral step for the future of Te Pūkenga.

Council work plan summary

Alongside the ‘business-as-usual’ matters considered by Te Pūkenga Council (Council), focus was on transformation mahi in Quarter 2 as we progress at speed towards Horizon 1 (1 January 2023). Council met six times through Quarter 2, two virtual, two in person, and two workshops. The two held virtually were extra-ordinary meetings that specifically covered transformational issues, namely the Early Movers workstream, the PBC and the Skills Training transfer agreement to transition certain arranging training functions to Work-Based Learning subsidiary (WBL).

As per the schedule of meetings provided as an appendix in the last quarterly report, over Quarter 2 the Risk and Audit Committee (RAC) and Transformation Committee met twice, the Health, Safety and Wellbeing Committee (HSWC), Capital Asset Management and Infrastructure Committee (CAMIC) and Appointment and Remuneration Committee (A&RC) met once. In addition, the Interim Kaimahi Advisory Committee (IKAC) and Interim Learner Advisory Committee (ILAC) met twice, while the Interim Māori Advisory Committee (Kōmiti Māori) met three times.

We have continued to regularly meet with the Subsidiary Chairs and CEs group and the Subsidiary Chairs group (which convened in May 2022) to discuss the transformation programme.

The final report from the External Governance Review, led by Dame Karen Sewell and Belinda Clarke, has been completed with the report shared and key findings and recommendations presented to Council by Dame Karen Sewell at its 8 June hui. We provided the final report to the office of the Minister of Education (the Minister) on 17 June 2022 and are awaiting a rescheduled meeting with the Minister to present him with the key findings and recommendations. The review recommended changes to the governance structure of the Council and in consultation with the TEC over Te Pūkenga reset actions, we will assess the merits of accelerating those changes. Some of the recommendations have already been addressed, such as a Finance & Capital Investment Committee establishment, the review of membership of sub-committees and additions of other Council members to sub-committees.

Transformation Programme update

Iteration 1 of fully costed integrated work plan and critical path, aligned to the Minimum Viable Product (MVP)

Iteration 1 of a fully costed integrated work plan and critical path, based on the MVP aligned Te Pūkenga work plan, was considered by the Transformation Committee at its hui on 5 July 2022. The current work plan includes 25 projects from the original Te Pūkenga work plan identified as delivering on the day 1 minimum foundations. This alignment is reflected in reporting, including for this

quarterly report.

A copy of iteration 1 of the updated integrated work plan and critical path will shortly be provided to the Minister once it has been considered by Council.

Strategic Review progress to date

Te Pūkenga has either completed or has activity in progress against all the recommendations of the Strategic Review.

Highlights this quarter

- Te Pūkenga work plan has been aligned to the MVP
- Toi Ohomai and Wintec, as 'early mover' ITP subsidiaries, were welcomed into Te Pūkenga as business divisions on 1 June 2022 and assessments of further ITP transitions into Te Pūkenga is currently underway.
- Te Pūkenga PBC was submitted to the Minister of Education on 30 June 2022 but is now undergoing substantial review following the reset of Te Pūkenga transition plans.
- Consultation with kaimahi on the organisation design and structure was deferred to allow the reset of transition plans
- Work has progressed in clarifying roles, now the MVP has been agreed
- The Transformation Committee has been established and meeting regularly to consider and monitor progress on transformation mahi
- DCE Transformation preferred candidate commenced in the role

Te Pūkenga work plan progress

The Transformation Committee was updated at its early May 2022 hui on work still to be done over and above Strategic Review recommendations. Along with strategic stakeholder management, the need to ensure Programme integration was identified as a key risk, building on lessons learned from initial programme establishment (including a distributed management approach). A recommendation was endorsed by the Transformation Committee to establish a Transition and Transformation team to support integration, strategic activities, and resource the Project Management Office (PMO) appropriately.

9(2)(g)(i)

Following a revisit of Te Pūkenga risk profile and the reset of transition plans, the scope and risk provide of MVP projects is being reviewed and is not reported here.

Operating Model mahi summary

The Operating Model programme team developed the high-level and detailed design of Te Pūkenga organisation structure in Quarter 2 2022, which was shared and discussed with RoVE, the Ministry of Education and TEC. Following the reassessment of transition risk and the reset of transition plans, the Operating Model has been reconsidered and changed.

- *Organisation Design (incorporating the Accelerating Enabling Functions, Delivery, and Implementation workstreams)*
Key actions this quarter – The design outputs across workstreams have been integrated. The Chief Financial Officer (CFO) and Chief Digital Officer (CDO) roles have been recruited to and the successful candidate for both positions started in Quarter 2 2022. These permanent roles are crucial to lead two enabling functions. Detailed design of the functional model was completed but the current design of the organisational structure is now being reassessed. Consultation on the organisational structure will occur 15th Aug – 2nd Sep 2022.
- *Early mover ITPs (the term 'early mover' is used to describe the dissolution of an ITP subsidiary before Te Pūkenga has finalised its organisational structure)*

Key actions this quarter – Toi Ohomai and Wintec joined Te Pūkenga on 31 May 2022 as separate business divisions. An event was held on 1 June 2022 to welcome kaimahi into Te Pūkenga whānau. Assessment of further ITP transitions into Te Pūkenga is currently underway, after which those that are considered ‘change ready’ at this time (i.e., earlier than the end of the year) will be put forward for a formal Council resolution supporting that recommendation

- WBL integration

Key actions this quarter – Skills Org transfer agreement has been signed by WBL and Skills, conditional on WBL and Skills Board approval. Primary ITO transfer agreement negotiations have commenced and the Careerforce term sheet has been signed with transfer agreement negotiations underway. Service IQ formally transitioned to WBL on 1 July 2022, with a welcome pōwhiri on 4 July 2022. The final funding draw-down was approved by TEC on 14 June 2022. WBL has commenced a WBL Change Programme to oversee WBL’s integration into Te Pūkenga. The integration of TITOs has continued well, and the financial performance of WBL and TITOs has been favourable. While this has offset the more adverse financial performance of the ITPs due low enrolments and high labour market demands, it has not obscured the urgency of the actions to address the ITP financial situation.

Financial position

Strategic context and outlook for 2022

Revenue for the group of 9(2)(b)(ii). on budget for the year to date, and expenses are 9(2)(b)(ii). The Consolidated June 2022 result shows YTD a net deficit of 9(2)(b)(ii). as opposed to a YTD budget deficit of 9(2)(b)(ii), 9(2)(b)(ii).

Due to the timing of the July Council meeting, a revised full year financial forecast has yet to be adopted and approved. The approved forecast will be reported against in the Q3 report. However, recognising the financial challenges, due to reduced domestic enrolments across the network, Te Pūkenga and Council have confirmed the approach for the balance of the year.

Given the deficit levels and the upcoming changes in the network, immediate action is being taken to ensure a more favourable outcome is achieved for 2022 profitability and free cash flow. To supplement the financial controls that are already in place:

- immediate action has been taken to identify savings across both head office and the network in order to achieve a loss for the year closer to the budgeted loss than has been previously forecast,
- the Group CEO now also needs to approve any new roles within the network. This allows for greater oversight of hiring in the network and ensures that any recruitment aligns with the proposed operating model,
- a detailed central view of the Group’s capital expenditure will be established, and a prioritisation framework will be utilised to determine essential works. Although this will have minimal impact on the Group profitability, it should assist in maintaining cash balances, and
- a review the Delegation of Authority will be completed and lower limits across the Group may be implemented to ensure adequate visibility and control is achieved.

Ring-fenced Reserves

All subsidiaries with ring-fenced reserves have been surveyed to determine their intentions for the current year. 9(2)(b)(ii). 9(2)(b)(ii).

ITP subsidiaries who have not indicated they would be using these funds in 2022 have indicated they intend on using ring-fenced funds in the next calendar year. Reasons given for this were delays in the construction industry affecting timing of work, and that funds have been conserved for the future in acknowledgment of current financial performance. All subsidiaries with ring-fenced funds were

excluded from the High Priority Building Programme. We intend, however, for these funds to be used on high priority building projects outside of the Programme; use of these funds will be approved using a recently developed ring-fenced funds decision tree. Furthermore, as part of budgeting for 2023 activities utilising ring-fenced funds will be elevated as part of a revised capital expenditure prioritisation framework. We expect the ring-fenced reserve balances to significantly reduce over the next 18 months.

As above, we continue to work with ITP subsidiaries with regards managing current and future financial performance.

Finance Strategy

The Finance Strategy is progressing with an initial draft version complete and shared with stakeholders for feedback and input, and Te Pūkenga Risk and Audit Committee reviewed the content on 5 July 2022. With the appointment of a new CFO, we are working on some of the details in the strategy taking into account the upcoming reforecasting being undertaken and budget 2023 preparations underway. We will continue to discuss this with TEC.

People and Culture

In quarter 2, Te Pūkenga People, Culture and Wellbeing team undertook a six-week roadshow visiting kaimahi across the motu to discuss development of our People, Culture and Wellbeing Strategy for 2023-2027 with 27 locations (in-person and online) visited by late June. Engagement and feedback on the roadshow was positive, with kaimahi keen to contribute to the development of new opportunities as a network.

We are progressing towards the development of one Collective Agreement per union (and coverage group) in readiness for Horizon 1. Two of our unions (AASC and TIASA) are particularly positive in their approach for this new Collective Agreement to reflect a changing time for them also alongside the developments of Te Pūkenga. 9(2)(j)

Expectations are high due to very minimal increases for several years and the current high inflationary levels.

Our fortnightly newsletter has now been sent directly to our 12,000 kaimahi for three months. Open rates have sat steadily between 25-30 percent with a peak of 53.4 percent for an Operating Model special edition. Click to open rates grew quickly and now remains steady between 27-34 percent. These rates sit at the high end of 'normal' for electronic communications. We are working with the Change and Communications Leads within the network to continue growing overall readership and improving consistency of engagement across each subsidiary

Staffing

There was an increase in head office kaimahi over Quarter 2 2022. Te Pūkenga headcount as at 30 June 2022 was 199 (178.00 FTE), which included 89 (70.60 FTE) secondments from within Te Pūkenga network of subsidiaries. This is an increase of 21(32.20 FTE) from the end of Quarter 1, 2022.

Some aspects of the work plan are slightly behind or delayed due to vacancies, however, we are utilising secondments from the networks while we recruit relevant kaimahi.

In Quarter 2, we launched our wellbeing platform, Synergy Health, and implemented a series of change and wellbeing capability webinars across the network. These have met with positive response from kaimahi.

Other issues of note this quarter

COVID-19

Over this quarter the COVID-19 landscape changed, and so did Government regulations, public health actions and societal expectations. In response, we undertook several reviews of our policies and

practices. We assessed the risks, consulted with kaimahi and ākonga and communicated our decisions. The objectives were to ensure we were adhering to good practice regarding virus transmission and infection, such as hygiene, face covering, isolation and distancing, and cleaning.

One significant review was of the network-wide policy about people requiring proof of vaccination status to enter Te Pūkenga workplaces. The outcome of the review aligned with the Government's position, that is, proof of vaccination status is no longer needed for entry to workplaces unless a government mandate is in force. Therefore, all Te Pūkenga subsidiaries now have the policy held in abeyance. If the COVID-19 situation worsens, the policy may be re-activated following another review. We continue to stress the importance of vaccination and for people to follow public health guidance.

As with other sectors absences caused by COVID-19, as well as seasonal flu and RSV, have placed our sector under strain. Some expectations have had to be re-assessed and some deadlines re-prioritised. We are yet to fully experience impacts resulting from 'long COVID' because there are insufficient reports to date.

Enhanced primary mental health services – MoH contract

As part of Te Pūkenga commitments to the 'Transition for Learners and Demonstrating Culture' within the Horizon 1 workplan overview, all 16 ITP subsidiaries now have new and enhanced services available for ākonga to access throughout Aotearoa.

As of 31 May 2022, 1,467 mental health support sessions have been held with reports continuing to show a high number of Māori (24%) and Pasifika (10%) learners accessing these services. As forecasted, 9(2)(b)(ii) due to services being 'stood-up' and established over the last year. COVID-19 is impacting on workforce development and practitioner accessibility. Some subsidiaries have had to go-to-market several times to fill vacancies and 9(2)(g)(i).

In response to the low service uptake and expenditure, Te Pūkenga has pivoted its innovation funding to increase national access to mental health services with providers Te Rau Ora, Le Va and Vitae. Work is underway to implement Kaupapa Māori and Kaupapa Pacific wānanga at all subsidiaries in semester 2 2022, as well as boost the number of clinicians/practitioners available for ākonga to access across the motu. To raise awareness of these services among ākonga, Te Pūkenga will collaborate with its Learner Leadership Group to develop and channel suitable comms into spaces most visible to ākonga.

Recently the Ministry of Health has confirmed that we are now able to extend services to WBL for the remainder of our current contract. These discussions are progressing.

2021 Annual Report

The 2021 Annual Report for Te Pūkenga was tabled on 22 June followed the signing of the Audit Opinion on 31 May 2022. Financially we performed better than expected, with some ITP subsidiaries and WBL delivering a surplus due to higher than anticipated revenue. As a group this led to an audited \$7.623m surplus.

2023-2025 Investment Plan and an all of organisation pathway to Integrated Delivery

Te Pūkenga 2023-2025 Investment Plan was presented to Te Pūkenga Council at its June 2022 hui ahead of submission to TEC in July 2022. This is a three-year Investment Plan covering 2023-2025, which sets out an all of organisation pathway to achieving the expectations for Te Pūkenga as set out in The Act, Charter and Letters of Expectations. Our investment Plan aligns with Horizon 2 – the Transformative stage of Te Pūkenga network development and Operating Model implementation, incorporating work-based learning, online learning, and blended learning delivery, with a focus on moving to an entirely integrated network. A key expectation is that learners will be able to seamlessly transition through learning and employment, facilitated by a fit for purpose Te Pūkenga delivery structure and portfolio of programmes.

To achieve this, Te Pūkenga is developing a portfolio of integrated programmes and delivery approaches, moving away from the previous environment of duplication of programme development,

non-integrated models of campus based, work based, and online mode of delivery models, and excessive competition for enrolment of the same learner.

Conditions required for integrated delivery	Te Pūkenga response and progress (Q2, 2022)
A Te Pūkenga structure and operating model that supports integrated development and delivery teams, strategic learning functions that allow us to leverage the capability of the entire network	Ongoing Operating model and Organisation design that supports integrated delivery (by YE 2022)
A vision and shared understanding of what integrated delivery is and guidance for Te Pūkenga kaimahi that answers questions about the way we design learning and teaching experiences for ākonga at work, on-campus and via distance, and how we support kaiako to deliver these experiences in new ways	Draft Ako Framework was developed during Q2, which will inform necessary digital systems and staff capability investment, and property portfolio divestment/investment to support an integrated network of delivery. Urgent additional work on the proposed mix of provision is now underway.
A Te Ao Māori worldview underpinning this approach, offering a Te Ao Māori worldview and cultural foundation , to ensure that ākonga are at the centre of, and find value in, their experience at Te Pūkenga.	The development of Whiria Te Pūkenga commenced, which will be completed during Q3/4, in partnership with Māori leaders across the network.
A coherent portfolio of programmes with clear and meaningful pathways across all levels of the NZQF to support learners, employers and industry to make informed decisions about future study and employment.	Unified programmes have been developed for approval in 2022 to facilitate integrated delivery, with 307 programmes consolidated down to 47 for first delivery in 2023. Of these, 5 are degree (Level 7 and above) programmes and 42 are sub-degree programmes. These programmes will have unified fees.
<p>A fit for purpose network of provision that balances efficiency, impact, and sustainability by:</p> <ul style="list-style-type: none"> • Recalibrating modes of delivery within regions and qualification suites • Exiting managed apprenticeships • Addressing overlapping distance delivery to simplify provision, leverage economies of scale and maintain equity of access • Addressing ‘marginal’ programme delivery • Systematically reviewing and improving delivery models as programmes are unified • Responding to RSLG priorities 	<p>A data model that describes the entirety of Te Pūkenga provision was further developed during Q2 that overlays Te Pūkenga Mix of Provision with RSLG priorities (described in Investment Plan)</p> <p>Utilising this model, detailed MOP analysis commenced during Q2.</p> <p>Ongoing development of innovative delivery models for large and small programmes commenced during Q2 to improve efficiency and equity of access</p> <p>Several WBL-led integrated service delivery live demonstrations were planned during Q2 (described in Investment Plan)</p> <p>The unification of 307 programmes continued during Q2 for first delivery 2023</p> <p>RSLG priority analysis was completed during Q2 (described in Investment Plan)</p>
External agency conditions, policies and systems that support integrated delivery.	Ongoing identification of system barriers where integrated delivery is not yet supported (in partnership with TEC, MoE, NZQA, StudyLink), and establishment of workarounds and advocacy for change.

Transformation – Operating Model and Programme Business Case

To ensure appropriate visibility for this critical piece of work, this section of the report focuses on the Operating Model workstreams and the PBC and represents an elaboration of the Transformation mahi included in Te Pūkenga work plan and focuses on the MVP. COVID has significantly impacted on the Programme as many kaimahi in the team, including key leaders, have been unwell. Final surge resourcing is being scoped to support the mahi pushing forward.

Transformation Update

Minimum Viable Product (MVP) and Day 1 (1 January 2023)

During Q2, our work was aligned with the MVP programmes in line with MVP domains (Operating Model, Organisational performance, Learners, Employers, Staff transition, and Key Systems). The Q2 work plan of 25 projects from the original Te Pūkenga work plan identified as delivering on the day 1 minimum foundations is now being reset to reflect the reconsideration of the transition risk profile. A revised programme will be considered by the Transformation Committee in last July 2022.

The release of the final report of the Strategic Review completed by Murray Jack, Sir Brian Roche, and Belinda Clarke in February 2022 has sparked interest in the MVP (along with other recommendations made by the review group). We will continue to keep the Minister and TEC regularly informed of our transformation mahi through the next quarter.

Strategic Review progress to date

Te Pūkenga has either completed or has activity in progress against all the recommendations of the Strategic Review, as below:

Recommendation	Comment
1. Align expectations of the MVP to be delivered 1 January 2023, adjusting the programme plan as needed	<p>Te Pūkenga has and continues to develop a series of work plans and further developed a prioritised work plan early in 2022, building on an initial work plan and critical path we provided the Minister in December 2021. The Transformation Committee was provided with Iteration 1 of an integrated work plan and critical path, based on the MVP, at its July 2022 hui. Following Council consideration, they will be provided to the Minister of Education.</p> <p>These plans have taken further shape after the announcement of the Unified Funding System, the increased work of WDCs and the establishment and operation of RSLGs. They have been further reviewed as part of the reset.</p> <p>Te Pūkenga work plan overview was published following agreement with TEC on the minimum viable product (MVP) – see here for the work plan overview</p>
2. Accelerate dissolution of ITP Boards and appoint Te Pūkenga candidates as acting CEs to enable effective direction in preparation for transformation	<p>The successful transition of Toi Ohomai and Wintec to Te Pūkenga on 1 June 2022 is being viewed positively and has lifted sector sentiment about the transition to a national provider model. The early adoption of these ITP subsidiaries into Te Pūkenga has provided us with important lessons learned about the transition phase. The Transformation Committee is supportive of continuing with a staged approach to transitioning ITP subsidiaries into Te Pūkenga.</p> <p>Assessment of further ITP transitions into Te Pūkenga is currently underway to achieve the orderly transition of all ITPs into Te Pūkenga before 31 December 2022.</p>

3. Clarify roles, responsibilities and accountabilities for Te Pūkenga, TEC and RoVE Board	This mahi has been progressed now the MVP/Horizon 1 has been agreed by the Transformation Committee on 5 April 2022. The clarification will be informed by Te Pūkenga Programme Board review, which is looking at how it can best support the transition required for Horizon 1. The Programme Board met twice in May 2022 and consideration of the options are currently underway. A reshaped Programme Board is now held weekly.
4. Target ITP and regional organisation structures to be implemented by 1 January 2023	Significant progress continues on the Operating Model, including the organisation design and organisation structure. Subsidiary Chairs and CEs discussed the proposed Organisation Structure at its meeting on 16 June 2022, including regional leadership. Following feedback and reconsideration of the transition risk, a revised organisation structure is being developed. Kaimahi consultation will commence in August.
5. Appoint a DCE level Transformation Director as the Senior Responsible Officer with the mandate and decision rights to drive programme execution	RECOMMENDATION COMPLETE: The preferred candidate for a DCE Transformation commenced on 28 March 2022.
6. Complete delivery of the programme plan (with the critical path) and Programme Business Case as planned	The integrated programme plan for the MVP Horizon 1 including an updated critical path was considered at the Transformation Committee's July 2022 hui, followed by Te Pūkenga Council's July 2022 hui. This is now being reset. The PBC was considered by the Transformation Committee, and then Te Pūkenga Council at its June 2022 meeting. the PBC will be substantially revised following the current reset.
7. Complete programme management strengthening enabling effective governance (Te Pūkenga Council and Programme Board) and monitoring (TEC and Minister), including establishment of a small sub-committee of Council, augmented with independent expertise to provide focus and oversight of execution	RECOMMENDATION COMPLETE: The Transformation Committee is now fully established with its Terms of Reference approved by Council. Membership is comprised of Murray Jack (Chair), Murray Strong, Kim Ngārimu, Peter Winder and Sir Brian Roche. The Committee will meet a minimum of monthly. Following his appointment as Acting CE, Peter Winder has resigned from the Council and this Committee. The Committee is now meeting fortnightly to support the reset and change transition pathway.

Development of fully costed integrated work plan and critical path

The exercise on development of the fully costed integrated work plan and critical path, to align with the MVP, has highlighted a significant number of timeline changes and scope and/or dependency challenges. This mahi will provide the baseline for the Transformation Programme moving forward and provide an appropriate control to ensure ongoing integration and alignment. A copy of the revised integrated work plan and critical path will shortly be provided to the Minister once it has been considered by Council.

The reconfiguration of the Programme from the original portfolio arrangement to align with the MVP portfolio areas, and the distributed management model, adds ongoing complexity to development and oversight of the integrated Programme view and delivery. Further re-prioritisation of some activities is currently underway. 9(2)(g)(i) Consideration of capability is being continually monitored by the Programme, especially as work transitions from design to implementation.

Operating Model

Organisation Design (incorporating the Accelerating Enabling Functions, Delivery, and Implementation workstreams) – As a consequence of this feedback and a reconsideration of transition risk, the proposed organisation structure is being revised. Consultation with kaimahi was delayed to accommodate this.

Status: behind schedule

The design outputs across workstreams have been integrated. The designs are being tested against Te Tiriti o Waitangi principles and design criteria, as well as Te Pūkenga design blueprint (which brings together Te Pae Tawhiti, Te Rito – Insights for Learners, Equity and Tiriti Blueprint).

Through Quarter 2, a considerable amount of work was undertaken to finalise both High Level Design (the organisation’s business groupings/directorate and indicative positions at Tiers 2, 3, and some of 4) and Detailed Design. This included significant time with key staff across the network to understand functions and test conceptual designs. A series of intensive workshops with the Operating Model and Te Tiriti o Waitangi Working Group, and executive leaders were also held to inform and test the efficacy of the design, including against a range of different Te Rito personas.

A range of engagements continued throughout Quarter 2 with TEU, Subsidiary Boards and their Chairs, Subsidiary Chief Executives, Workforce Development Councils, Te Pūkenga Kaimahi and Ākonga advisory groups and Komiti Māori. Activities for the detailed design involved an extensive mapping exercise of current positions in the subsidiaries and parent entity into the proposed new structure.

Early mover ITPs

Status: on track

Toi Ohomai and Wintec were dissolved as legal entities from 31 May 2022 and are now treated as separate business divisions of Te Pūkenga, with Leon Fourie (former CE Toi Ohomai) acting as the leader of the combined Toi Ohomai and Wintec operations and Dave Christiansen (former CE Wintec) leading ITP integration more generally. A ceremony was held on 1 June 2022 to mark the occasion and welcome Toi Ohomai and Wintec kaimahi to Te Pūkenga whānau. We consider the process so far has progressed extremely smoothly, with levels of kaimahi concern generally low.

Following the dissolution of Toi Ohomai and Wintec, we have been templating the documents and processes required for efficient and effective transition of further ITP subsidiaries.

We have also been advancing discussions with the network to bring more early movers on board. This has consisted of conversations between ITP subsidiary boards, chief executives, and executive teams with Te Pūkenga Council Chair, Chief Executive, and the ITP Transition team. A presentation was also shared with the Subsidiary Chairs and CEs on 16 June 2022.

Assessment of further ITP transitions is currently underway to achieve the orderly transition of all ITPs into Te Pūkenga before 31 December 2022.

We will keep TEC and the Minister updated on this work.

WBL integration

Status: on track

ServiceIQ was welcomed into Te Pūkenga with a pōwhiri on 4 July 2022, following formal transition on 1 July 2022 to become a division of WBL. ServiceIQ joins four other divisions already transitioned into Te Pūkenga Work Based Learning subsidiary – Competenz, Connexis, Building and Construction Industry Training Organisation, and MITO. WBL leadership met with Skills Org employees on 17 May 2022 to talk about our organisation and what it will mean if they elect to transition to WBL in October.

The final funding draw-down of 9(2)(b)(ii) was approved by TEC on 14 June 2022 to support the transfer and integration of arranging training activities from Transitional Industry Training Organisations (TITOs). WBL has been actively working on an integration plan to facilitate the effective and efficient transition of WBL and its Divisions into Te Pūkenga, including commencing a WBL Change

Programme.

Work is also continuing with WBL in relation to learner voice and the findings will be integrated into the future learner engagement ecosystem from 2023. Work based learners are now being appointed to learner leadership groups within Te Pūkenga.

What next: Still to be welcomed throughout the remainder of 2022 are Careerforce (term sheet has been signed), Primary ITO (transfer negotiations have commenced), certain arranging training functions from Skills (transfer agreement has been signed by WBL and Skills, conditional on Board approval), and HITO (transition plan was approved by TEC Board on 23 June 2022)

Programme Business Case

Status: currently with the Minister of Education for consideration

At its 8 June 2022 hui the Council agreed the PBC. Following that meeting Te Pūkenga provided the near final draft to IQANZ for final review; and presented the case to the RoVE Design Authority. We also drafted a 'summary' document that was shared with the RoVE Design Authority, the TEC, the Ministry of Education (MoE) and the Minister's Office.

On 30 June 2022, Te Pūkenga received the final review report from IQANZ, and presented the Minister of Education with that report and the final PBC on 30 June 2022. Following reconsideration of the transition risk and the need to urgently address Te Pūkenga financial position, the PBC will be substantially revised and represented to the Minister later in the year.

What next: Next steps on this work will be determined by feedback received from the Minister about the submitted PBC.

Te Pūkenga work plan dashboard

Due to the reassessment of transition risk and the reset of the approach to transition, the work plan dashboard is not reported here. A revised dashboard and updated risk assessment will be reported as soon as possible.

Work plan progress tracking

Due to the reassessment of transition risk and the reset of the transition pathway, a revised plan and critical path is being developed. This plan and critical path will be presented to the Minister as soon as possible. Work progress tracking on the previous plan would be misleading.

Te Pūkenga enterprise risk register

Te Pūkenga identifies, manages, and reports risk in accordance with its Enterprise Risk Management Framework Document, adopted by Council in May 2021 and updated in October 2021. An Enterprise Risk Register is maintained for Te Pūkenga that identifies current parent-level risk and a rating of each risk, including causes, impact, how the risk has been mitigated, and further mitigating actions.

As part of our reassessment of transition risk, the reset of our transition pathway and response to Ministerial concerns, we have initiated a reset of our enterprise risk register and enterprise risk summary and mitigation outcomes. Enterprise risk reporting would be misleading for Quarter 2. This will be reported to TEC when complete.

Financial performance

Group year-to-date

The second quarter of 2022 reports a consolidated deficit of 9(2)(b)(ii) versus a budgeted deficit of 9(2)(b)(ii). A9(2)(b)(ii), predominately from the domestic market 9(2)(b)(ii) has been offset by a favourable variance in expenditure for the year to date of 9(2)(b)(ii). Work Based Learning (WBL) continues to produce solid financial results; with both strong revenue 9(2)(b)(ii) favourable to budget) and reduced expenditure 9(2)(b)(ii) below budget) adding 9(2)(b)(ii) surplus to the Group result. Prudent cost control measures in place since quarter one has had a positive impact on the bottom line, however financial challenges still exist for the remaining six months of the year, which Te Pūkenga is now addressing with urgency.

Te Pūkenga still considers this as a two-year approach. By taking swift and ongoing action now we will see remedial results in 2022 and 2023.

As previously reported, all subsidiaries were required to:

- produce a full year financial forecast that could be relied upon for decision making
- ensure that prudent cost control measures are in place and considered in the forecast.
- delay or suspend all kaimahi recruitment, with approval to proceed only given if in forecast and at the subsidiary CE's approval, and
- 9(2)(i)

Te Pūkenga is now working with subsidiaries to:

- identify and secure significant immediate savings which can deliver an overall result close to the originally budgeted deficit
- identify any immediate revenue opportunities
- stop or defer work in Head Office that is not critical to Day One operations on 1 January 2023
- review network provision and identify areas where programme unification can be accelerated on viability grounds, or where delivery mode consolidation could drive efficiencies

While the current forecast has yet to be presented to Council for approval, in August the Council will approve the balance of year deficit which will be reported in the Q3 report. It is expected that the network collectively returns a deficit more in line with the approved budget deficit. This will be achieved via a directed approach from the national office, including restricting delegations to approve discretionary spend at subsidiary level and requiring all recruitment to be approved by the national office.

Cashflow remains strong, due to the current favourable result against budget, along with a significant reduction in capital expenditure. Cash as at June sits at 9(2)(b)(ii) spend on capital year to date, versus budget of 9(2)(b)(ii). All subsidiaries have been requested to provide committed capital requirements for the balance of the year. While not improving the deficit, this does free up cash for future needs.

Parent year-to-date

The Parent results are currently 9(2)(b)(ii) favourable to budget for the year to June. This is due to reduced expenditure on both personnel and operating costs. While expenditure will increase to align with the MVP; the Parent is also reviewing all workstreams to respond to the financial challenges, with the goal of achieving the approved budget for 2022.

1. FINANCIAL STATEMENTS

	Year-to-date results as of June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
	2022	2022	2022	2021	2022
<u>Statement of Financial Performance (\$'000's)</u>	9(2)(b)(ii)				
Revenues - educational and research activities	9(2)(b)(ii)				
Revenues - other activities	9(2)(b)(ii)				
Total Revenues (+)	9(2)(b)(ii)				
Expenses - personnel	9(2)(b)(ii)				
Expenses - operating	9(2)(b)(ii)				
Expenses - other	9(2)(b)(ii)				
Total Expenses (-)	9(2)(b)(ii)				
Net Surplus / (Deficit)	9(2)(b)(ii)				

Use of Crown Funding

Summary statement

For the June 2022 quarter Te Pūkenga has spent 9(2)(b)(ii). of Crown funding and YTD June 2022 Te Pūkenga has spent 9(2)(b)(ii). 9(2)(b)(ii). 9(2)(b)(ii).

A business case for the remaining Key Systems funding of 9(2)(b)(ii) is anticipated in Q3.

Table 3 – Use of Crown funding Q2 2022 and forecast

	Full Year Actual (\$m) 2020 & 2021		Actual Q1 2022		Actual Q2 2022		Forecast Q3 2022		Forecast Q4 2022		Forecast Full Year 2022		Total Funding	Unspent Unforecasted Spending
	Provided	Actual	Provided	Actual	Provided	Actual	Forecast Provided	Forecast Spend	Forecast Provided	Forecast Spend	Forecast Provided	Forecast Spend		
Integration & transformation	9(2)(b)(ii).													
Key systems	9(2)(b)(ii).													
Arranging training transformation & integration	9(2)(b)(ii).													
Design & Planning	9(2)(b)(ii).													
Information systems	9(2)(b)(ii).													
Footprint assessment	9(2)(b)(ii).													
Total	9(2)(b)(ii).													

Consolidated Financials

1. FINANCIAL STATEMENTS

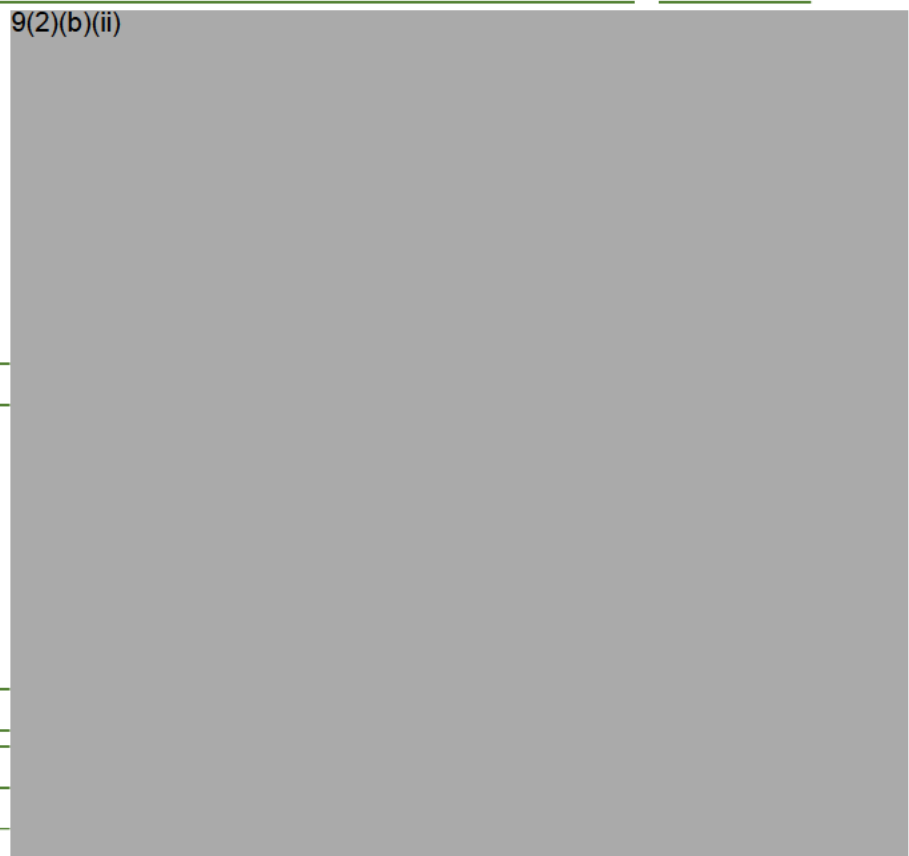
Statement of Financial Performance	Year-to-date results as of June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
	2022	2022	2022	2021	2022
	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)
Revenues - educational and research activities	9(2)(b)(ii)				
- of which revenues from the domestic students					
- of which revenues from the international students					
- of which research activities					
Revenues - other activities	9(2)(b)(ii)				
Total Revenues (+)					
Expenses - personnel					
Expenses - operating					
Expenses - interest	9(2)(b)(ii)				
Expenses - depreciation and amortisation					
Expenses - abnormal (e. g. transformation costs)					
Total Expenses (-)					
EBITDA	9(2)(b)(ii)				
Net Surplus / (Deficit)	9(2)(b)(ii)				

1. FINANCIAL STATEMENTS

	Year-to-date results as of June 2022			Full Year 2022
	Actual	Original Budget	Variance to Budget	Budget
Net Surplus / (Deficit) (\$'000's)	9(2)(b)(ii)			
Subsidiaries (excluding WBL and Early Movers)				
Work Based Learning Ltd (WBL)				
Early Movers				
Te Pūkenga Head Office (TP)				
Te Pūkenga Group Net Surplus / (Deficit)				

1. FINANCIAL STATEMENTS

	As at Month End June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
	2022	2022	2022	2021	2022
	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)
Statement of Financial Position					
Cash and cash equivalents + Short term financial investments					
- of which cash on hand					
- of which term deposits					
- of which other Short term financial investments					
Accounts receivable					
Other current assets					
Total current assets					
Total non-current assets					
Total Assets					
Current Liabilities (w/o Revenues in advance)					
Revenues in advance					
ST loans and borrowings					
Total current liabilities					
LT loans and borrowings					
Other long term liabilities					
Total non-current liabilities					
Total Liabilities					
Ringfenced Funds					
Equity (includes Ringfenced Funds)					

 9(2)(b)(ii)
 

1. FINANCIAL STATEMENTS

Statement of Cash Flows	Year-to-date results as of June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
	2022	2022	2022	2021	2022
	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)	(\$'000's)
	9(2)(b)(ii)				
Operating receipts (+)					
Operating payments (-)					
Operating cash flow					
Financing receipts (+)					
Financing payments (-)					
Financing cash flow					
CAPEX (-)					
Asset sales (+)					
Other effects (+/-)					
Investing CF					
Total Cash Flow					
Opening cash balance					
Closing cash balance					

2. EFTS AND APPLICATIONS

EFT Enrolments and Delivery	Year-to-date results as of June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
	2022	2022	2022	2021	2022
Total EFTS Enrolled for Year	62 297.4	67 508.5	- 5 211.0	57 777.1	92 138.5
- of which domestic	60 284	65 317	(5 033)	54 011	89 354
- of which international	2 013	2 191	(178)	3 766	2 784
YTD EFTS delivered	40 351.1	42 995.3	- 2 644.2	31 425.2	92 101.9
- of which domestic	38 973	41 704	(2 731)	29 169	89 315
- of which international	1 379	1 292	87	2 256	2 787

3. RATIO ANALYSIS

Ratio	Year-to-date results as of June 2022			Full Year 2022	
	Actual	Original Budget	Variance	Actual	Budget
Personnel costs / Revenue	9(2)(b)(ii)				
EBITDA / Revenue	9(2)(b)(ii)				
Net Surplus / Revenue	9(2)(b)(ii)				
Revenue / EFTS	9(2)(b)(ii)				
Personnel costs / EFTS	9(2)(b)(ii)				
Operating Cash Flow Ratio (Op Cash Inflow / Op Cash Outflow)	9(2)(b)(ii)				
Quick Assets Ratio (Cash + Receivables / Liabilities + ST loans)	9(2)(b)(ii)				
Liquid Assets Ratio (Cash less overdrafts / Op Cash Outflow)	9(2)(b)(ii)				
Net Cash Position	9(2)(b)(ii)				
Interest Cover Ratio (EBITDA / Interest Expense)	9(2)(b)(ii)				
Debt-to-Equity Ratio (Total Liabilities / Equity)	9(2)(b)(ii)				
Capex / Depreciation and Amortisation	9(2)(b)(ii)				

Educational priorities

Our performance expectations for 2022 (as detailed in our Statement of Performance Expectations 2022 (SPE)) are grouped around five educational priorities, which were approved by Council and will guide our work over the next few years. These priorities support us to meet our legislative requirements, which our work plan reflects. We grouped our performance measures into these priorities in our SPE to ensure we have focused in the right areas over the next year, as we move towards Horizon 1 of our work plan. Work is underway to develop the data infrastructure and analytics platform to enable Te Pūkenga parent-level reporting on our SPE targets by Q3 2022.

While our quarterly reporting focuses primarily on transformation mahi, we have included this section to ensure we remain focused on these priorities through both the work plan and our BAU activities.

Education priority	Selected activities and achievements in Q2 2022
<ul style="list-style-type: none"> A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do. 	<ul style="list-style-type: none"> Te Pae Tawhiti Tiriti Excellence Framework (Te Pae Tawhiti) - Te Pūkenga has been acknowledged in an independent Tiriti o Waitangi review commissioned by the RoVE Programme Board for early demonstration of embedding Te Tiriti into its organisation. The Report states “Te Pūkenga, through Te Pae Tawhiti, and their strong focus on partnership, are doing significant work to meet Te Tiriti obligations” (Tipu Matoro ki te Ao 2022 – RoVE Te Tiriti Review) Work continues with subsidiaries and Tiriti partners to enhance and finalise the Framework through a structured review process. Analysis of self-assessments completed by WBL and Te Pūkenga (head office) is underway with Insights Reports and Action Plans due for publication in July 2022. This will be the first time such a process (Te Tiriti self-assessment and action planning) has occurred at this scale in Aotearoa. Locally Partnered Solutions for Equity - Work progresses between two South Island subsidiaries and Ngāi Tahu papatipu rūnaka on reframing local Tiriti relationships to deliver equity outcomes. A brief Vlog can be viewed here. Iwi Led Māori Engagement - We launched activities in April with our partners Mātauranga ILG - who convened the first of what will be regular iwi engagement session. We will be progressing a structured and consistent engagement and connection with iwi, hapū, Māori, kaimahi Māori, and another round of kanohi ki te kanohi hui with iwi and hapū across the motu from May onwards. Pacific Strategy - Te Pūkenga Moana Pacific group met with members of Te Pūkenga ELT to discuss the practical steps to progress the development of an enduring relationship, a Pacific Strategy, Pacific research, and Pacific leadership roles within Te Pūkenga. Te Rito learner success and equity plans - These set a baseline for the network and drive equity for learners across Aotearoa Te Pūkenga has produced its first consolidated overview of learner equity initiatives across the network using Te Rito Framework – a tool used to test and align learner equity strategies against four themes arising out of previous research – Our Voices, Equitable Access, Wellbeing, Enabling Learner Success. The reporting demonstrates that while there is good practice and partnerships occurring across the network, clear direction is needed on achieving equity with clear measures if we are to deliver system change <p>Learner Success and Equity Strategy in place - A 10-year Learner Success and Equity Strategy with clear measures was approved by Te Pūkenga Council and will form a key part of the future PBC. The strategy is evidence-based has involved co-design with learners and staff, including specific co-design sessions with Māori, Pacific, and disabled ākonga. It describes how Te Pūkenga will create a system that increases access, participation,</p>

	<p>wellbeing, and outcomes for underserved learners, across specific time horizons. The current strategy seeks to achieve parity for learners within 6-7 years (dependent on funding). Next, insights from these co-design workshops will inform the detailed design of the strategies.</p> <ul style="list-style-type: none"> • National Strategic Disability Action Plan Te Pūkenga - Council approved the inaugural national disability action plan on 27 April 2022, a significant milestone which will be included within Te Pūkenga 2023 Investment Plan for submission to TEC. The Disability Action Plan Steering Group met on 26 April 2022 to provide feedback on interim subsidiary action plans developed. This group will now be extended to include Operational Leads responsible for the implementation phase of the plan during the transition. • Te Turuturu – Network wide open online hui - The Academic, Delivery, and Innovation team (ADI) from Te Pūkenga began hosting Te Turuturu online information sessions with our network kaimahi in Quarter 1, with the first session offering an update on the Programme Unification progress and planning. In Quarter 2 sessions continued, providing the network with insights into Whiria Te Pūkenga – our Mātauranga Māori framework, Te Kawa Maiooro – our Academic Regulatory Framework, Ako Framework development, and our Engagements with WDC’s, TEC, and NZQA. Sessions were well attended throughout, with hundreds of kaimahi engaging to raise queries and provide feedback. Feedback on this engagement format was overwhelmingly positive and will be continuing throughout the remainder of the year. The Partnerships and Equity (PAE) team has also launched the first in their series of Te Turuturu online hui, for all network members to connect and discuss our collective mahi underway across the motu. • Whiria Te Pūkenga - Mātauranga Māori Framework - Engagement and feedback on the conceptual design is in progress with individual hui with 14 ITPs and two TITOs to date, as well as a Te Turuturu session already conducted. Upcoming engagement includes individual hui with Employers, Kaiako, and Ākonga. Once the current engagement and feedback process is complete, we plan to hui with key voices across the network including Te Tira Manukura, Te Rōpū Whakaraotaki and iwi/hapū partnerships to co-design the substantive framework, before testing and review takes place. We anticipate standing this framework up in October 2022.
<ul style="list-style-type: none"> • Delivering customised learning approaches that meet the needs of learners and trainees, wherever they are. 	<ul style="list-style-type: none"> • Pastoral Care Code - A summative Gap Analysis Report on compliance with the new Code has been completed with all ITP subsidiaries. Te Pūkenga is working with the WBL Learner Support group to understand code compliance in relation to apprentices and trainees. A discussion paper is being developed for Te Pūkenga ELT to support excellence in Code implementation that will focus on 1) building network capability on the code and 2) codesigning the system (i.e., processes, policies, platforms, etc.) required to be in place from 1 January 2023. ELT has endorsed an implementation plan to establish a national Te Pūkenga Code Advisory Group consisting of staff and learners. The group will inform the development of a national Learner Wellbeing & Services Framework to ensure a whole-of-provider approach and give effect to the Code. WBL is in the process of assess and analysing compliance across all WBL divisions and has had an initial hui with NZQA’s WBL lead. • Expanded Mental Health and Wellbeing Services - As of 31 May 2022, 1,467 mental health support sessions have been held with reports continuing to show a high number of Māori (24%) and Pasifika (10%) learners accessing these services. As forecasted, 9(2)(b)(ii) due to services being established over the last year, however COVID-19 is also impacting on workforce development. The Ministry of Health informed us we are now able to extend services to WBL learners for the remainder of the current contract and these discussions are progressing.
<ul style="list-style-type: none"> • Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for 	<ul style="list-style-type: none"> • Unification of Programmes - Our first four unified curricula for the Bachelor of Nursing, Bachelor of Nursing Māori, Bachelor of Nursing Pacific, and Bachelor of Social Work have been shared for consultation. Feedback supported the principle of unifying these programmes with additional time for implementation. We are liaising with Nursing Council of New Zealand, Social Workers Registration Board, and NZQA to schedule Accreditation Panel visits to take place in the last quarter of 2022 (Te Pūkenga accreditation as a nursing education provider) and first quarter of 2023 (accreditation of the nursing and social work programmes). This proposed timeline provides time for the necessary approvals and accreditations required for semester 2,

<p>all.</p>	<p>2023 delivery. Te Tiriti o Waitangi is a central component of these new programmes, which provides a clear foundation for culturally grounded practice in Aotearoa. With the support of iwi and hapū, and Māori and Pacific health providers, we're indigenising the nursing and social work qualifications to strengthen learning for all ākonga.</p> <ul style="list-style-type: none"> • Network engagement - ELT approved a plan to put in place a number of network kaimahi engagement practices. The aim of this is to increase the visibility of Te Pūkenga leaders and provide regular opportunities for kaimahi to engage and ask questions. This includes visits to network locations, monthly online drop-in sessions and increased online engagement across workstreams. These are expected to complement project-based engagement, such as that required for Operating Model mahi. • Whakawhanaungatanga for Pre-start and Tuakana-Teina or Peer Mentoring - Most Te Pūkenga ITP subsidiaries, WBL Business Divisions and TITOs have committed to pilot new Whakawhanaungatanga for Pre-start and Tuakana-Teina or Peer Mentoring initiatives in Q3 and 4 of 2022. These pilots respond to Te Rito learner research which highlighted that being connected, engaged, valued, and believed in early, will help build confidence, a sense of belonging and empower ākonga to succeed. The pilots are also designed to retain and attract Māori, Pacific, disabled learners in the first instance. These pilots were workshopped with Te Pūkenga Council on 26 April 2022 to help shape the next phase of the projects.
<ul style="list-style-type: none"> • Services that meet the specific regional needs of employers and communities. 	<ul style="list-style-type: none"> • Workforce Development Councils (WDCs) - We are in discussions with WDCs to collaborate on a consistent Te Tiriti o Waitangi approach between Te Pūkenga and Workforce Development Councils. • Work Integrated Learning - Energy Academy- An initial trial based on expanding work-integrated learning within the Lines Industry as part of our over 12-month MoU with Energy Academy was a success. We are now looking to scale this trial and 'unbundle' the course content in a way that allows employees to access only the parts of the course that they need. We will work with NZQA to ensure skills gained in this way are formally recognised. • International agreements - We are preparing for Te Pūkenga assuming numerous agreements in the international space and presented to an international forum on 21 June 2022 in Wellington. • Dunedin Hospital Project - A recent hui in Dunedin discussed opportunities relating to the \$1.57 billion hospital build. Participants represented a broad cross section of players and discussions revolved around identifying some of the regional social outcomes and work force challenges associated with the construction. Upskilling and training will be a critical part of the project providing a great opportunity to rethink how this could be delivered and then scaled to similar projects. • Industry Partnerships - We are exploring how we might partner with industry groups to support employers providing work-based training. Te Pūkenga could provide this support nationally by leveraging off existing industry bodies, adding to the support and guidance already offered to members. This presents an exciting opportunity to partner with industry in a way that hasn't previously been possible and makes the most of out of the reach and influence of these industry groups.
<ul style="list-style-type: none"> • Transition educational services in a smooth and efficient manner. 	<ul style="list-style-type: none"> • Academic and delivery operational guidance - Through Quarter 2, operational guidance was shared with subsidiaries with a focus on preparation for 2023 enrolment and delivery set up utilising existing systems. The provision of this guidance will continue through Q3 and 4 to support staff as we transition to a network environment. • Te Pūkenga national launch and co-branding - Through Quarter 2, ITP subsidiaries across Te Pūkenga network undertook a period of co-branding for which there were a number of media releases. The purpose of this co-branding is to raise awareness of Te Pūkenga and to help explain the

relationship between Te Pūkenga and the network of subsidiaries. The focus is on using cost effective, mainly digital formats for co-branding that can easily be changes. As part of the brand transition, Te Pūkenga will launch the brand on a national scale in Quarter 3.

- **Governance - Interim Learner and Staff Advisory Committees** - The future Learner and Staff Advisory Committee elections have been approved for September 2023 with current interim committees continuing until that point. This timing allows for the full unification of the network to occur, processes and data to be in place, and the architecture of permanent advisory committees determined.
- **Te Pūkenga Outcomes Framework** - Te Pūkenga has begun the co-design phase of developing Te Pūkenga Outcomes Framework, which will become the accountability and performance measurement framework for the organisation. It is scheduled to be in place from 2023.
- **Te Pūkenga Engagement Framework** - ELT has approved a Te Pūkenga Engagement Framework which incorporates best practice approaches (as championed by the International Association of Public Participation), is kaupapa Māori and te ao Māori-led and utilises relationship owners. The framework provides tools and guidance for kaimahi planning engagements to ensure they are consistent, high quality and meet the needs of our stakeholders and partners. The framework recognises that our mahi is complex and requires substantial engagement to be effective.
- **Early Movers – Toi Ohomai and Wintec** - The transition in Quarter 2 of early mover ITP subsidiaries, Toi Ohomai and Wintec, into business divisions of Te Pūkenga has enabled us to identify what we can do to make the full transition at Horizon 1 as smoothly as possible - including piloting a number of processes in anticipation of further transitions.

Appendix

In-confidence

Action Plan

For Quarter Three, 2022



Te Pūkenga

Action Plan – Quarter Three, 2022 (11 July – 30 September)

Te Pūkenga Council and Executive have been reflecting on feedback from the Minister of Education and the Tertiary Education Commission (TEC).

Concerns were raised about the progress being made on the Programme Business Case (PBC), the agreed minimum viable product (MVP) for Horizon One (1 January 2023), the development of our organisation structure and how the proposed Operating Model will work in practice.

Te Pūkenga accepts our most immediate focus must be on the structural and staffing changes required for Horizon One, fiscal sustainability, and creating a more efficient network by changing the Mix of Provision (MoP) within the Subsidiary Institutes of Technology and Polytechnics (ITPs) and Te Pūkenga Work Based Learning.

The Reform of Vocational Education (RoVE) intends for Te Pūkenga to be a consolidated organisation that makes strategic use of capital, achieves greater efficiency in programme design, development and delivery, and reduces the duplication of functions within the current vocational education network. We are revisiting the proposed organisation structure of our Operating Model to consider actions that will save costs, increase revenue and most fully realise the intentions of RoVE. Te Pūkenga must also re-assess our MoP to ensure that 9(2)(i), and that we are supporting more work-based learning as signalled by the Unified Funding System (UFS).

We began 2022 with a significant budgeted deficit. With far lower domestic enrolments than budgeted across campus-based learning, we now face an even larger deficit for the 2022/23 financial year. We have heard clearly from the Minister that this projected deficit is far too high, and that improvements must be made. Te Pūkenga Head Office and Subsidiaries will urgently consider how we address the deficit, both in the second half of 2022 and as we transition into a unified Network next year.

At Table One, we set out our Action Plan for Quarter Three, 2022 which reflects the clear expectations set out by the Minister moving forward. The Minister has been assured that our utmost efforts are now concentrated on implementing this plan.

The actions in Table One will require a strong leadership team who will work together and commit to putting other work on hold while it focusses on the immediate actions.

We will keep staff informed in order to reduce any anxiety throughout the coming quarter. We will communicate with short, simple but frequent messages from the outset and have a clear understanding of all prior commitments made to staff and leaders around the new organisation and transition.

Table One: Action Plan For Quarter Three, 2022

Area		Description	Why and why now?
Actions to be approved by 29 July 2022			
1	Organisation Structure	Re-assess current design of organisation structure, including: <ul style="list-style-type: none"> fit with MVP accountabilities 	<ul style="list-style-type: none"> Address concerns of external and internal stakeholders Ensure clarity on design at different Horizons Urgent precursor to determine approach to other work (eg Early Movers)
2	Implementation approach	Based on design: <ul style="list-style-type: none"> determine approach to engagement and formal consultation within staff, and external stakeholders determine subsequent implementation approach 	Based on design, determine best implementation pathway for transition, integration, transformation moves. Likely to involve staggered implementation, rather than big bang, and accelerating some components. Includes: <ul style="list-style-type: none"> Early Movers International recruitment WBL and TITOs Other “exceptions” that don’t naturally fit model
3	Financial Savings and controls	<ul style="list-style-type: none"> Identify savings for FY22 and full revenue and cost forecast Determine FY23 budget parameters and ongoing savings opportunities 	Need: <ul style="list-style-type: none"> robust understanding of FY22 outturn and putting actions in place for future years savings opportunities identified to return organisation to meeting budget clear split between ongoing operations and integration/transformation activity
4	Mix of Provision	<ul style="list-style-type: none"> Analyse current and expected mix of provision develop plan for transition to integrated provision 	Underpinnings of pivot to integrated/workplace-based learning

5	Unified collective employment agreements	Determine employment implications of shift in mix of provision to integrated/workplace-based learning. Expedite shift to unified collective agreements	<ul style="list-style-type: none"> Critical to building a new organisation and supporting the transformation that will come in Horizons 2 and 3 and effective integration of In-work, face-to-face, and on-line learning.
6	Technology	<ul style="list-style-type: none"> Identify zero-regrets foundational projects Prioritise, plan and cost implementation Establish initial team to drive these projects 	<ul style="list-style-type: none"> Given lead times, need to get foundation projects going asap, as critical path for integration into new structure, and for future projects needed for transformation (eg LMS)
7	Marketing drive	Support network to blitz: <ul style="list-style-type: none"> Expanding employers engaged with VET system employee sign-ups delivery enrolments 	<ul style="list-style-type: none"> Maintain volume of teaching and learning and hence revenue
Actions to be approved by 26 August 2022 (these actions may be dependent on above actions)			
8	Programme Business Case	Redo case as needed to reflect design changes, investment required in short term	Dependent on organisation structure, mix of provision, financial savings and controls above
9	Property	Stand up team(s) to <ul style="list-style-type: none"> Deal with priority buildings (OSH/fitness for purpose) Begin disposals process for surplus assets 	Dependant on financial savings and controls above
10	Value Proposition	Define core Te Pūkenga value proposition – distinct place in market and new value for industry, employers, students, whanau and communities	Dependant on all organisation structure, marketing drive above
11	Performance and Outcomes Measures	Confirm framework currently in development	Closely connected with Programme Business Case