



Tertiary Education Report: design of Centres of Vocational Excellence

To:	Hon Chris Hipkins, Minister of Education		
Date:	5 June 2019	Priority:	Medium
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

The attached annotated agenda sets out a range of detailed decisions on the design of Centres of Vocational Excellence (CoVEs) for your confirmation or agreement. We seek your direction on these decisions on Monday 8 July.

Recommended Actions

The Ministry of Education and the Tertiary Education Commission recommend that you:

- a. **note** that the attached report provides further detail on the purpose, framework, funding and timing for CoVEs, which require your confirmation or agreement in order to inform a possible Cabinet paper and support any upcoming announcements on CoVEs

Noted

- b. **forward** the attached annotated agendas to any additional ministers you may wish to inform

Agree / Disagree

- c. **agree** that this briefing and Annex will be proactively released once final decisions on RoVE have been made.

Agree / Disagree



Grant Klinkum

Deputy Secretary, Graduate Achievement,
Vocations and Careers
Ministry of Education

05/07/2019



Tim Fowler

Chief Executive
Tertiary Education Commission

05/07/2019



Hon Chris Hipkins

Minister of Education

8/7/19

Confirming the details of CoVEs

1. At the agency meeting on 1 July you asked for further advice on CoVEs so that more detailed announcements could be made on these entities at the same time as announcements on the wider reform of vocational education (RoVE).
2. Annex one sets out a range of decisions on CoVEs that require your confirmation or agreement. You have agreed in principle to many of these decisions through past Annotated Agendas. Decisions on CoVEs relate to:
 - **What are CoVEs?**, including their purpose, functions, scope of coverage, and the number of CoVEs
 - **Framework for establishing CoVEs**, including establishment process, requirements of an application to establish a CoVE, selection criteria, and how we might prioritise the establishment of CoVEs across sectors
 - **Funding and timeframes for CoVEs.**

Seeking ministerial input and agreement to design of CoVEs

3. At the agency meeting, you discussed the option of taking a separate paper to Cabinet seeking agreement to the details of CoVEs.
4. While Cabinet agreement is not required to enable the establishment of CoVEs (beyond what is already set out in the RoVE Cabinet papers), if you wish to proceed with this approach, we recommend aiming for Cabinet to consider this paper in August rather than in July.
5. Should you wish for Cabinet to consider a CoVEs Cabinet paper this month, it would need to be lodged on 18 July for consideration by SWC on 24 July and Cabinet on 29 July. Prior to lodgement, an agency and ministerial consultation process would need to be undertaken. A timeline for this would be as follows:
 - Mon 8 July – confirm details of CoVEs at agency meeting (as per attached Annotated Agenda)
 - Tue 9 July – draft Cab paper circulated for agency feedback (feedback by Thursday 11 July) and sent to your office for Ministerial consultation (feedback by Tuesday 16 July)
 - Fri 13 July – updated draft Cab paper reflecting agency feedback sent to you, with significant issues or changes noted for discussion at agency meeting on 15 July
 - Mon 15 July – discuss proposed changes to Cab paper
 - Tues 16 July – Ministerial feedback
 - Tue-Thu – finalise Cab paper, working with your office
 - Thur 18 July – final paper lodged for consideration by SWC on 24 July and Cabinet on 29 July
 - Mon 29 July – Cabinet approves detailed design of CoVEs
 - Early August – Announcements in line with wider reforms.
6. This timeline will allow for a limited agency and ministerial consultation. We therefore recommend aiming to take a CoVEs paper to Cabinet in August, which would still allow for announcements to be made soon after those of the wider reforms.

Annexes

Annex one: detailed design of Centres of Vocational Excellence.

Annotated Agenda – Design of Centres of Vocational Excellence

Reform of Vocational Education
8 July 2019

Attendees Minister of Education, Hon Chris Hipkins
Officials to be confirmed

This annotated agenda outlines a range of decisions on the design of Centres of Vocational Excellence (CoVEs) to enable you to announce these details alongside your other Reform of Vocational Education (RoVE) announcements. Where you have already agreed in principle to a decision (through the annotated agendas process), we ask for your confirmation, and where a decision has not yet been made, we seek your agreement.

The annotated agenda covers the following topics:

- Item 1: What are CoVEs?
- Item 2: Framework for establishing CoVEs
- Item 3: Funding and timing for CoVEs.

Item 1: What are CoVEs?

1a. Purpose of CoVEs

1. As described in the RoVE Cabinet papers, CoVEs will drive innovation and excellence in teaching and learning and improve links to industry and communities. They will be established in areas of particular importance to New Zealand. Their coverage could be pan-sector (e.g. primary sector), industry-wide (e.g. agriculture) or specific (e.g. viticulture). They could potentially also cover key types of educational delivery, such as kaupapa Māori delivery or excellence in blended delivery, and may include applied research.
2. CoVEs will bring together the New Zealand Institute of Skills and Technology (the Institute), other providers, Workforce Development Councils (WDCs) and research to enable all vocational education organisations to access the best of what is available nationally. A CoVE could be hosted regionally by the Institute or by a wānanga. CoVEs will be spread across the country.
3. We propose that CoVEs should also involve relevant industry experts (beyond WDCs) to ensure that the latest industry knowledge and best practice is brought into the CoVE. We also propose that a CoVE could include occupational regulators (such as the Nursing Council), should the scope of that particular CoVE include degree-level provision (see item 1c).
4. It is important to consider how CoVEs would fit within the wider vocational education system and the various entities that exist (or will exist) within it. The new system is designed to support and incentivise collaboration, so a CoVE would need to provide a level of additionality beyond what we would already expect from the system. This additionality may come from the CoVE growing, developing, and sharing best practice provision (with input from industry leaders), or a CoVE may be established to seize a specific opportunity or manage a particular challenge within the vocational education system.

5. It is recommended that you:

a. **confirm** that paragraphs 1 to 2 accurately describe the purpose of CoVEs

CONFIRM / DISCUSS

b. **agree** that CoVEs should also involve relevant industry expertise (beyond WDCs) and, where relevant, occupational regulators.

AGREE / DISAGREE

1b. Functions

6. CoVEs could be tasked with a wide range of functions. However, as noted above, it is important to consider how they would fit within the wider vocational system to ensure that each CoVE adds value. We recommend that the specific functions a CoVE is recognised and funded for would be determined on a case-by-case basis through the establishment process (detailed in item 2a), but that there would also be a set of 'baseline functions' that all CoVEs must undertake.

Baseline functions

7. As outlined in our 6 May annotated agenda [METIS: 1187910], we consider that CoVEs should undertake the following baseline functions:
- a. Growing excellent provision within its area of speciality through driving excellence and innovation within the overall network, including by engaging with relevant industry experts
 - b. Sharing high quality curriculum and programme design with the rest of the system including across regions and potentially wānanga and PTEs
 - c. Providing additional functions/services to support the vocational education system.
8. The scope of these functions (e.g. which industries' needs the CoVE is addressing) should be determined on a case-by-case basis through the establishment process.
9. We propose that the role of industry within a CoVE should be strengthened (beyond the involvement of WDCs), and to support this, the underlined parts of paragraph 7a should be added to the baseline function above, along with an emphasis on driving and growing excellence and innovation, not only sharing existing best practice.

Additional functions/services

10. CoVEs could be commissioned to provide additional functions not provided by either the Institute, WDCs, or other existing entities. Additional functions a CoVE could provide include:
- a. Training support for employers to improve their skills building ability
 - b. Sharing applied research with providers and industry to improve knowledge exchange
 - c. Improving pathways through vocational education, including from school
 - d. Providing learning technologies across the network to minimise cost and duplication of high cost equipment
 - e. Providing advice on best practice pastoral care to learners and advice to providers/employers to support good outcomes.
11. Your proposed system and funding reforms are intended to encourage collaboration and improved performance, and there are other organisations (such as Ako Aotearoa and BRANZ) that undertake related functions. Accordingly, care needs to be taken to ensure that the investment in CoVEs produces additional benefits. With the right functions and scope, CoVEs could quickly bring providers and industry together to address specific challenges, augmenting rather than duplicating the work of other institutions.

12. It is recommended that you:

- a. **agree** that CoVEs must perform the baseline functions set out in paragraph 7, within a scope determined through the establishment process (detailed in item 2a)

CONFIRM / DISCUSS

- b. **agree** that CoVEs may be recognised and funded to provide 'additional' functions, such as those set out in paragraph 10 (along with other functions proposed by the applicant), and that these would be determined case-by-case basis through the establishment process.

CONFIRM / DISCUSS

1c. Scope of coverage

13. The scope of a CoVE's coverage could be defined by industry, occupation, or by type of delivery, for example: kaupapa Māori, online learning, or foundation education. We recommend that the scope of a CoVE's coverage be determined on a case-by-case basis through the establishment process.
14. A flexible approach to specifying the functions and scope of coverage of CoVEs will ensure that each CoVE will be a genuine centre of excellence, targeting a specific issue or opportunity, adding value to the system, and minimising the duplication of existing functions.
15. Over the longer term, we will want to develop a view about overall coverage, both in an industry sense and geographically. We anticipate creating a framework for investment in CoVEs from 'Phase two' s 9(2)(f)(iv) which is as enabling as possible and is fit for purpose in the new system.
16. The process of establishing the one to three pilot CoVEs (i.e. 'Phase one'), and a preliminary assessment of the value they bring to the system (noting that they will only have been in operation for a very short time), will be used to inform 'Phase two' which will include designing the framework for investment in CoVEs and modifying the establishment process (if required).
17. As noted in the 20 May annotated agenda, we do not see this framework rigidly limiting CoVEs to one per industry [METIS: 1190415]. For example, the strongest proposal initially might involve a subsector, in a specific location, but the process of developing the initial bids could result in work towards another CoVE for the same industry in a different location, or for a different subsector of that industry later on. We also suggest not limiting how aggregated or disaggregated the industry grouping should be, but allow for industry and the sector to determine this as part of their proposals.

Degree-level provision

18. As CoVEs were proposed as part of the RoVE, it was anticipated that their scope would be aligned with that of the wider reforms – i.e. that degree-level provision would be beyond their direct focus. However, there may be benefit in allowing CoVEs to cover some degree-level provision (this could be specified through the establishment process – see item 2a). *Yes*
19. Allowing degree-level provision to be included within the scope of a CoVE could help to strengthen pathways from lower-level vocational education into degree-level and higher vocational education and could also improve degree-level provision. Should degree-level provision be included within scope of a CoVE, universities may wish to be involved, and while this may be desirable, we propose that the CoVE should not be hosted at a university campus (but rather at a wānanga or regional arm of the Institute). *✓*
20. Officials would like to discuss with you whether the coverage of CoVEs should be extended to degree-level provision, and how this might apply to the pilot CoVEs (for example, a Health CoVE).

21. It is recommended that you:

- a. **agree** that the scope of a CoVE's responsibilities would be determined through the establishment process

AGREE / DISAGREE

- b. **confirm** that a framework for investment in CoVEs be developed from the second stage s 9(2)(f)(iv)

CONFIRM / DISCUSS

- c. **discuss** with officials whether the coverage of CoVEs should extend to degree-level vocational education provision.

it should

AGREE / DISAGREE

1d. Number of CoVEs

22. As outlined in the RoVE Cabinet papers, the intention is to fund between one and three pilot CoVEs to learn from prior to considering further investment in new areas (with the first CoVE established in the 2019/20 fiscal year). You agreed through the 20 May annotated agenda that beyond the pilot phase, there might be multiple CoVEs for industries, and that decisions about the industry and geographical spread would be made within a framework developed at a later stage.
23. Due to the proposed flexibility in specifying the functions and scope of coverage for each CoVE, it is difficult to estimate how many CoVEs there would ideally be within the new system. There could be a small number of CoVEs with a broad scope, a larger number with a narrow scope, or a mixture of large and small CoVEs. Further engagement with the sector and industry should inform such choices.

We could envisage a total of between five and twelve CoVEs (subject to Budget approval)

24. If we assume that each CoVE costs an average of \$2.5m per annum, the funding sought in the RoVE Cabinet papers could support up to two initial pilot CoVEs. Smaller CoVEs may allow for more CoVEs within this existing funding allowance, but each will need to be of sufficient scale to be viable and effective.
25. Should you wish to grow the number of CoVEs in the system, then further funding would need to be secured. Realistically, the budget will not stretch beyond a certain level of government priority; i.e. securing additional funding for CoVEs that are at the periphery of 'strategic importance' is likely to be difficult. In the long term, subject to Budget approval, we could envisage there being between five and twelve CoVEs at any given time, covering different parts of the system and high priority industries.
26. We could also expect very small networks (similar to CoVEs) to form naturally around particular niche areas of provision. Providers may establish and facilitate these networks on their own initiative, but it would remain an option to look at bringing these networks under the CoVE framework if desired. However, scale issues would need to be considered, along with ensuring CoVE funding added value to the system.
27. How long an individual CoVE is recognised and funded for would depend on the opportunity or challenge it has been established to address. If a CoVE has progressed a project to a point where the wider system is able to continue with the work in a 'business as usual' capacity, then the CoVE could transition to a general network (as above).
28. It is recommended that you:
- a. **note** that is difficult to determine the ideal number of CoVEs given the proposed flexibility in defining their scope and coverage, but that we might expect a total of between five and twelve CoVEs at any one time, in the long-term (subject to Budget prioritisation).

NOTED

DISCUSS

Item 2: Framework for establishing CoVEs

2a. Establishment process

29. We propose that the process for establishing each pilot CoVE would involve an initial 'framing' exercise, where industry, providers, Māori, and other interested parties have the opportunity to shape the scope and outcomes of the CoVE, which would also be the first of a two-stage application process leading to a formal negotiation.
30. We consider that while government should set the general parameters for each CoVE, in consultation with Te Taumata Aronui, the details of what the CoVE would do, who would be involved, etc. should be generated by the stakeholders (such as industry) themselves rather than tightly defined by government. This would help ensure the CoVE is focused on a tangible issue or opportunity identified by the sector, and would help gain industry buy-in to the CoVE. The details and expectations of the CoVE would be much more tightly defined through a negotiation process, in the final stage.
31. The process for establishing the pilot CoVEs could involve the following stages:

- a. **Stage one – framing the 'challenge' and request for expressions of interest** – Government would announce that it intends to establish a CoVE within a broad set of parameters, which would specify a sector (e.g. Primary Industries) or area of provision, high-level outcomes the government would like the CoVE to achieve, and any other specific requirements the government would like to place on the CoVE.

TEC would request expressions of interest that would need to identify specific challenges or opportunities that the CoVE could focus on (within the parameters set by government) and a high-level description for how a CoVE would address that challenge or opportunity. These expressions of interest would need to specify (at a minimum):

- i. **Scope** – the industry, sub-industry, or specific area of provision that would be the focus of the CoVE, which may be as broad as the government-set parameters (e.g. 'Primary') or may be more narrowly defined (e.g. Forestry).
- ii. **Outcomes** – the outcomes that the CoVE would be expected to achieve, which may again be more specific, but would need to align and contribute to the outcomes set by government.
- iii. **Approach** – how the applicant(s) intends to achieve the specified outcomes. This could take the form of a strategy/work plan, including timeframes, possible key performance indicators, etc.
- iv. **Collaboration** – commitments they have secured from partner organisations; for example with a particular standard setting body (e.g. a WDC/holding organisation or other entity).
- v. **Functions** – the range of functions the CoVE would perform to achieve the set outcomes. The functions would need to align with the outcomes the CoVE is to achieve, and should be based on the functions outlined in item 1b (though applicants could propose additional functions). It may also be necessary to specify, when calling for high-level proposals, that the CoVE should not duplicate the functions of organisations that already exist within the system.
- vi. **Timeframes** – expectations around the length of time the CoVE would operate for, for example, for a fixed period of four to five years, or for a shorter period of time (where the outcomes and scope of the CoVE are relatively narrow).
- vii. **Funding** – broad expectations regarding the funding required to operate the CoVE.

Each expression of interest would need to clearly show the problem or opportunity the CoVE would address, the outcomes it aims to achieve, how the applicant(s) intends to achieve these outcomes, what commitments they have from partner organisations (such as WDCs), their ability/capacity to undertake the specified functions, and the funding they consider would be required to undertake these functions.

While an expression of interest could involve a range of parties (e.g. a WDC, the Institute, another providers, researchers, industry), each submission must be led by a 'host' organisation (i.e. a regional arm of the Institute or a wānanga).

- b. **Stage two – assessment of Eols** – once these Eols are received, there would be a process for TEC (possibly with support from an 'expert evaluation panel') to assess them based on a set of 'selection criteria' (see item 2b). This would also provide an opportunity for TEC to identify similar ideas and to suggest that the applicants consider merging their submissions.
 - c. **Stage three – request for proposal (RFP)** – government would then invite particular applicants to develop their initial idea into a more detailed and formal proposal, incorporating any additional guidance or requirements provided by TEC (e.g. to merge several similar ideas from different applicants).
 - d. **Stage four – funding negotiations** – Once detailed proposals are received and assessed, TEC would select one (or potentially multiple) proposals, and enter formal negotiations to confirm the exact functions, key performance indicators, and funding terms for the CoVE.
32. The RoVE Consultation and engagement showed that there are many ideas for CoVEs being thought about throughout the country. We suggest as part of the establishment process, that we make contact with some key people from the sector and industry to review proposals to establish CoVEs. This could be informal process, or a more formal 'expert evaluation panel' that could assist in the 'assessment of Eols' stage.
33. The TEC would also need some scope to influence the most promising ideas and help to shape and refine final proposals. This could take place through the 'assessment of Eol' stage and through the 'funding negotiations' stage.
34. It may be necessary for TEC to adjust this process in response to feedback from industry and providers who may have suggestions on how to make the process work best from their perspective.

This will allow a nuanced approach dependent on the particular needs of individual sectors

35. This staged approach to the establishment of CoVEs would allow flexibility so that each CoVE is designed to target an issue or opportunity that has significant relevance to that sector. Where a specific issue or opportunity is well-known by government, then the parameters set by government in the call for Eols could be highly specific around the scope and outcomes of the CoVE. Where the issue or opportunity is less clear, the parameters set by government can be less specific, allowing relevant parties to pitch their ideas for what a CoVE could do and how it would add value within the system.

Involvement of standard setting body

36. It is essential that the standard setting body is a core member of any CoVE consortium. This means that initially, until WDCs are established, the holding organisation(s) representing the ITOs (for example, the Building and Construction ITO and Primary ITO) would need to be involved in planning for and possibly developing the proposal for a CoVE for their industry.
37. It is recommended that you:
- a. **agree** that while government should set the general parameters for each CoVE, the details of what the CoVE would do, who would be involved, etc. should be generated by the industry itself rather than tightly defined by government

AGREE / DISAGREE

- b. **agree** that the process for establishing each pilot CoVE would involve an initial 'framing' exercise, where industry, providers, and other interested parties have the opportunity to shape the scope and outcomes of the CoVE, and that this would be the first stage of a two-stage application process leading to formal funding negotiations (as detailed in paragraph 31)

AGREE / DISAGREE

- c. **note** that this process will allow a nuanced approach to establishing CoVEs, ensuring that each one is focused on a tangible issue or opportunity identified by the sector (and that this would help to gain industry buy-in to the concept of the CoVE)

NOTED

- d. **agree** that TEC leads the establishment process, and that it may be necessary for TEC to adjust this process in response to feedback from industry and providers.

NOTED

2b. Requirements of an application to establish a CoVE' and selection criteria

38. As outlined in paragraph 31, the first stage expressions of interest would need to specify various aspects of the CoVEs, including scope, outcomes, approach, collaborations, functions, timeframes, and funding requirements. The more detailed formal proposals would be expected to reiterate these points, but in a much higher level of detail.

Selection criteria

39. We suggest that the Eol and the detailed proposals to establish a CoVE should be assessed by TEC (and possibly an 'expert evaluation panel') based on how well they:
- a. identifies a key challenge or opportunity of the industry, within the parameters set by government
 - b. demonstrates how this is of strategic importance to New Zealand
 - c. shows how the applicant will use collaborative partnership-based approaches to solve the problem
 - d. details solutions that are practical and time-bound and includes measures of success that are clear (includes specific key performance indicators – or similar – that can be analysed at a specific point to indicate this success)
 - e. avoids duplication of existing functions within the system
 - f. shows evidence of sourcing financial support from industry and/or providers.
 - g. demonstrates the ability to undertake the required functions of the CoVE.
40. While the above set of criteria provide a general outline of how Eols and detailed proposals to establish CoVEs could be assessed, these require further refinement and testing with relevant stakeholders.
41. It is recommended that you:
- a. **agree** that each high-level Eol to establish a CoVE, and a more detailed proposal, would need to show how the applicant intends to achieve the outcomes of the CoVE (within the parameters set by government), what commitments they have secured from other organisations, and evidence of their ability to perform the required functions
 - b. **agree** that Eols and detailed proposals should be assessed based on the selection criteria set out in paragraph 39, but that these will need to be further refined and tested with relevant stakeholders.

AGREE / DISAGREE

AGREE / DISAGREE

2c. Prioritisation of CoVEs across sectors or types of provision

42. As outlined in Item 1c., we plan to create a framework for investment in CoVEs from the second stage s 9(2)(f)(iv) which is enabling and fit for purpose in the new system.
43. This framework for investment will need to include a set of criteria for how we will prioritise the establishment of CoVEs across different sectors or types of provision, given that there are likely to be many opportunities to establish CoVEs, but a fixed amount of funding to support them. The intention of this prioritisation framework is to weigh the opportunities between broad sectors rather than between individual proposals to establish a specific CoVE (which would be assessed based on the criteria set out in item 2b).
44. We consider the detailed criteria for prioritising CoVEs across sectors should be developed with input from relevant sector groups, in particular WDCs and the Institute. However, these groups will be in a state of transition for some time, and may therefore have limited capacity to contribute to this prioritisation framework. Furthermore, the interests of different sector organisations will likely make reaching a consensus on prioritisation challenging. As a starting point, the criteria for prioritising CoVEs across sectors may include:
- a. *Size of opportunity* – e.g. priority could be given to establishing a CoVE where there is a clear opportunity to significantly raise the standard of vocational education provision across an industry (for example, if 'best practice' is well known, but not well distributed or implemented).
 - b. *Importance to New Zealand's economy and society* – e.g. priority could be given to establishing a CoVE for particular sectors that that are or significant or strategic importance to our economy, or to types of provision that are of significant social/cultural importance?
 - c. *Alignment with the outcomes of RoVE* – e.g. priority could be given to establishing a CoVE that contributes to one or more of the agreed 'outcomes' of the wider reforms (e.g. to build a vocational education system that supports "strong secondary-tertiary pathways" and "prioritises traditionally underserved learners".
 - d. *Alignment with wider government priorities* – e.g. priority could be given to establishing a CoVE that contributes to a particular government priority, such as those outlined in the Tertiary Education Strategy or other strategic documents.
45. It is recommended that you:
- a. **agree** that the criteria for prioritising CoVEs across sectors or types of provision should be developed with input from industry and providers, but that this could be based on: the size of the opportunity; the economic or social/cultural importance of the sector or type of provision; and alignment to the outcomes of RoVE and wider government priorities.

AGREE / DISAGREE

Item 3: Funding and timing for CoVEs

3a. Funding for CoVEs

46. As outlined above, CoVEs will likely differ in scope and scale, and the costs of establishing and operating each will reflect this (i.e. the costs per CoVE is likely to vary). In an area where there is established excellence and the CoVE will largely have a stewardship or leadership role (e.g. sharing material and knowledge), there may be a lower cost compared with a CoVE that is required to develop new capability and drive excellence across very wide area of provision or where excellence is currently limited or dispersed.
47. CoVEs are expected to have an average cost of \$2.5 million per annum once they are established (with an indicative range of \$2 million to \$4 million), informed by the operating costs of Centres of Research Excellence. This estimated cost is noted in the RoVE Fiscal Implications Cabinet paper.
48. We expect initial CoVEs to have a four to five year contract, which would provide sufficient certainty of funding to make the intensive work of developing a consortium worthwhile. We expect ongoing funding would cover a small staff, a governing board, the fulfilment of functions and services such as training support for employers and sharing of research and curriculum or programme design best practice, and the needs of collaboration, which could extend to travel etc., noting that the size and scale of functions would differ in relation to the CoVE's intended purpose.
49. As stated in the RoVE Cabinet papers, you intend to fund between one to three pilot CoVEs, beginning in the 2019/20 financial year. Lessons would be taken from these initial pilot CoVEs to inform any further investment in new CoVEs.

Table one: Indicative CoVE costs (included in RoVE Cabinet paper)

\$m	2019/20	2020/21	2021/22	2022/23 and ongoing	TOTAL
3 CoVEs	2.5	5.5	7.5	7.5	23.0
Proposed Initial Investment	2.5	5.5	5.0	5.0	18.0
Note: The first two years include \$0.5m per annum for initial selection and management costs.					
<i>This initial investment will signal the Government's commitment to establishing one – three CoVEs and meet initial selection and management costs.</i>					

50. In the RoVE Cabinet papers, you propose to draw down an initial \$8.0 million over two years from the RoVE contingency, with a relatively small ongoing base amount (\$5 million per annum) to come from reprioritising tuition and training funding from 2021/22 onwards.
51. It should be noted that the \$5m allocated for ongoing operating costs would support up to two CoVEs based on our initial estimates. If you decide to establish three pilots, then an additional \$2.5m in ongoing operating funding will likely be needed, or the scale of one of more of the CoVEs would need to be limited.
52. Through the 20 May annotated agenda you noted that \$5m of operating funding may be insufficient if there was more than one CoVE. We therefore recommend that you initially prioritise the establishment of two pilot CoVEs rather than three, to ensure the \$5m in ongoing operating funding is not spread too thin.
53. It is recommended that you:
- agree** to initially prioritise the establishment of two pilot CoVEs to ensure that each is able to be sufficiently funded from the \$5m in available operating funding.

AGREE / DISAGREE

3b. Mechanism for funding – an iterative procurement process

54. We propose that an iterative procurement process will be used to select and fund CoVEs, as detailed in item 2a (establishment process). The TEC would be responsible for managing this procurement process and administering funds appropriately (in line with s159L of the Education Act 1989). The process would involve an initial 'framing' and high-level Eol process, followed by a targeted request for detailed proposals, leading to a formal funding negotiations process.
55. It is recommended that you:
- agree** that an iterative procurement process is used to select and fund CoVEs, that the TEC is responsible for managing this process and administering funds, and that there would need to be a s159L determination.

AGREE / DISAGREE

3c. Timeframes for establishing CoVEs

56. Should the RoVE proposals proceed, the vocational education sector will be undergoing significant change which will impact directly on the groups that we would expect to be involved in establishing the CoVEs. For example, Industry Training Organisations (ITOs) would be in a state of transition (via holding organisation) to WDCs, the 16 ITPs will be transitioning (via the subsidiary model) into the single Institute, and providers across New Zealand will be looking at how to build capability and capacity to support work-based learning.
57. It may therefore be challenging to engage in a meaningful way with these entities to progress the establishment of CoVEs, including for the pilot CoVEs. You may wish to begin with the establishment of a 'Primary Industries' CoVE as there are existing mechanisms in place that could facilitate the establishment process, specifically the Ministry of Primary Industry's (MPI) Skills Leaders Working Group. MPI has signalled support for establishing such a CoVE.
58. The construction industry is less well organised and getting a coherent dialogue will take longer. The recently developed Construction Sector Accord provides an opportunity to start this process, and you could signal your intention to work with the sector – through this mechanism – establish a Construction CoVE.
59. We will engage with the Ministry of Health (MoH) to consider potential opportunities for a Health Sector CoVE within the new system. However, we consider this work would be best led by the MoH, particularly given this could intersect with the role of Health Workforce New Zealand. We would like to discuss this further with you.

Timeframes for establishment process

60. Following announcements of RoVE and agreement from Cabinet to the process for establishing CoVEs, you could announce your intention to establish a pilot CoVE (or CoVEs) in August.
61. Expected timeframe for the establishment of the first CoVE would be as follows:
- Aug (in line with RoVE) – Government announces intention to establish CoVE, and outlines the establishment process
 - Aug – Initial preparations and early engagement with relevant stakeholders to prepare for Eol
 - Aug/Sep – **Stage one** – Government sets broad parameters for CoVE and requests expressions of interest
- Two month application process*
- Nov – **Stage two** – TEC, possibly with support of 'expert evaluation panel', assesses Eols
- One month (dependent on number of submissions)*
- Dec – **Stage three** – government requests detailed proposal from selected applicants
- Four months (taking into account Christmas)*

- Mar 2020 – **Stage four** – TEC assesses detailed proposals and enters funding negotiations with successful applicant (or applicants)

One-two month negotiation process

- Mid-2020 – CoVE is launched.

62. To achieve the timeframes set out above, adequate resource and expertise will be required within the TEC to undertake the necessary activities. Furthermore, establishing the first pilot CoVE by mid-2020 will require suitable quality applications. It should be reiterated that many of the entities that we would expect to submit an application will be in a state of transition (e.g. the Institute and WDCs) and this is likely to have some impact on their application (should they choose to submit one).

63. It is recommended that you:

- agree** to announce the process for establishing a CoVE for Primary Industries as the first pilot CoVE

AGREE / DISAGREE

- note** the expected timeframes for establishing the first pilot CoVE(s), and that to achieve these timeframes, adequate resource and expertise to undertake the necessary activities will be critical, along with quality applications to establish CoVEs.

NOTED

- agree** first pilot CoVE(s), and that to achieve these timeframes, adequate resource and expertise to undertake the necessary activities will be critical, along with quality applications to establish CoVEs

Agree

NOTED

- agree** to discuss with officials opportunities for a Construction CoVE and a Health Sector CoVE.

AGREE / DISAGREE