

## Aide-Memoire: Reporting under a Unified Funding System from 2023

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<b>To:</b>	Hon Jan Tinetti, Minister of Education
<b>From:</b>	Deirdre Marshall, Acting Deputy Chief Executive, Delivery
<b>Date:</b>	31 March 2023
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### Purpose

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1. The purpose of this briefing is to provide an overview of how our regular reporting updates will change under the unified funding system (UFS) for vocational education and training. This includes:
  - a. reporting of enrolment, delivery, and educational performance indicator (EPI) information under the UFS, and how often we can provide this information.
  - b. how the information we can provide on UFS provision will improve over time.
2. We recommend that this aide-memoire is proactively released in full.

### Background

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3. The UFS applies a new funding approach that focuses on learners, incentivises providers to work closer with employers, and helps address national and regional skill priorities. Funding is determined in a significantly different way, which changes how the delivery of vocational education and training will be reported and monitored going forward.
4. The UFS is comprised of three components: delivery component, learner component, and strategic component. Each component requires us to focus on reporting dimensions (e.g., mode of delivery, learners with low prior achievement) that are new to our existing information systems for provider- and industry-based learning<sup>1</sup>. From 2025, a new reporting system will be in place to enable more detailed reporting and analysis.

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<sup>1</sup> Provider- and work-based information is held in two separate reporting systems: The Single Data Return (SDR) and the Industry Training Register (ITR). Information collected in the SDR relates to provider-based provision, and represents all known enrolments for the year as at April, August, and the final delivery for the year as at December. ITR relates to work-based provision. This information is updated daily, and represents all active enrolments for the reporting period (e.g., year-to-date enrolments as at April 2023).

## **Delivery component enrolment information will first become available in June 2023**

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5. The delivery component comprises the bulk of the UFS funding system. It has replaced Student Achievement Component (SAC) funding for levels 3-7 (non-degree) and all funding from the Industry Training Fund. The delivery component is volume-based and considers the subject of learning, and how it is delivered – that is, in a classroom, in the workplace or online (or a combination of these).
6. To accommodate the new reporting dimensions, we are using an interim solution for data reporting in 2023 and 2024. This will enable cross-system UFS reporting for provider- and work-based enrolments at set timepoints throughout the year (as per usual):
  - a. UFS enrolment information will first be available for reporting in June 2023, following the April data collections.
  - b. August data collection information will be available in October 2023, and
  - c. Final year-end data collection information will be available in April 2024<sup>2</sup>.
7. The interim solution will be in place until we have an improved system for tertiary data collection from 2025, which will integrate all reporting dimensions.
8. Reporting on new UFS dimensions, such as mode of delivery, can be provided from 2023 onward only (beginning June 2023). We will also be able to provide high-level vocational enrolment trends in previous years for comparison purposes.
9. Going forward, our regular enrolment updates will focus on foundation, vocational, and higher education level-enrolments to better reflect enrolment patterns before and after the implementation of the UFS.

## **The first preview of vocational EPIs under UFS will become available in July 2024**

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10. Following the April data collections for provider- and work-based learning, we will be able to provide the first high-level view of educational performance under UFS in July 2024<sup>3</sup>.
11. The full range of EPI insights under UFS will show in several years, due to cohort rules for our long-term performance measures<sup>4</sup>. In the interim, we will be able to compare educational performance under UFS with high-level vocational performance trends in previous years, where possible<sup>5</sup>. These comparisons will allow us to monitor vocational EPIs over time, to inform investment decisions and engage with TEOs over their performance.

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<sup>2</sup> Note that more time is needed to quality assure year-end data from the December data collections, compared to the April and August data collections. This is because year-end work-based delivery data will not be finalised until April 2024.

<sup>3</sup> The April data collections include both current-year enrolments and EPI information from the previous year. EPI information is typically finalised in late June, and is available for reporting in July. Current year enrolments for the April data collection are finalised earlier by comparison, and is available for reporting in June. We allow our tertiary education organisations an extended period to review and amend their EPI data before it is finalised for the year.

<sup>4</sup> For example, first year retention rates, which use a two-year cohort period, will be available from 2025 onward. Qualification and programme completion rates use cohort periods of between two and six years depending on the study type and NZQCF level. As such, EPIs will not show the full impact of UFS provision until 2029, as the programme completion rate for apprentices uses a six-year cohort rule.

<sup>5</sup> The transition of work-based training, previously arranged by the transitional Industry Training Organisations (TITOs), will disrupt work-based EPIs both within Te Pūkenga and for other receiving tertiary education organisations (TEOs), particularly for cohort-based measures. Where TITO provision has split to multiple receiving TEOs (i.e., in the case of The Skills Organisation), we will not have any continuity with past performance measures.

12. Our ability to provide additional UFS insights for EPI measures will improve over time. We expect a new reporting system to be in place from 2025 and will update our EPI methodologies accordingly to provide these additional insights (e.g., performance by mode of delivery, or for learners with low prior achievement).

### **Learner component and strategic component reporting can be provided annually, or twice annually**

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13. Learner component funding is calculated based on recent enrolments in the four following groups: (i) Māori and (ii) Pacific learners (iii) Disabled learners, and (iv) Learners with low prior achievement (LPA). We will be able to provide learner component funding information annually.
14. Under the interim solution, we will be able to readily report on most of the new dimensions, with some limitations on LPA learner information which requires custom reporting<sup>6</sup>. We will focus on Māori, Pacific, and disabled learners in regular enrolment updates.
15. For the larger TEOs, 20% of the learner component (LC) funding allocations are subject to milestone reporting under the learner component performance element (LCPE) in 2023<sup>7</sup>.
16. Strategic component (SC) funding is contract-based, with in-built milestones that vary depending on the contract agreement.
- a. Analyses of milestone achievements for both LC and SC will primarily be used to monitor performance of both components. Reporting will be contingent on agreed milestones and timelines.
17. TEC is able to report on SC and LCPE investment and progress on an ad-hoc basis, however we recommend that we provide updates on each component annually, focusing on investment and progress at the start and end of each investment year. These updates may provide overarching themes in learner component milestone agreements and achievements, and key insights on strategic component projects and progress.

### **UFS data quality will improve throughout 2023, with further improvements over time**

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18. We expect that data quality will improve throughout the year as TEOs familiarise themselves with new reporting requirements and enhance their current business processes following significant structural changes within the sector.
- a. For example, some TEOs will be required to report to certain data reporting systems for the first time in 2023, and some will need to report the same enrolment through two data collection systems.
  - b. Te Pūkenga will be particularly impacted by these changes, as they will represent most vocational provision under the new VET system and will be required to report enrolments across provider- and work-based systems.
19. We anticipate less than optimal data quality in early 2023, particularly for the April 2023 data collections. We are, and will continue to manage data quality concerns through increased engagement with TEOs, including Te Pūkenga, and setting expectations with other users of our information. As such, the August and December data collections provide opportunity to improve

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<sup>6</sup> Although LPA information is not readily available for enrolment and EPI reporting, we are still able to calculate learner component funding for these learners.

<sup>7</sup> The nine TEOs which are subject to LCPE milestone reporting in 2023 include: Te Pūkenga, NZ Management Academies Ltd, NZ Tertiary College, ATC NZ, Cornerstone Education Ltd, The Electrical Training Company, Ignite Colleges, Vertical Horizonz NZ Ltd, and Te Wānanga o Aotearoa.

data quality for the entire year, as we resolve data quality issues from the initial April data collection.

**Our approach to measuring UFS performance against Review of Vocational Education (RoVE) outcomes is currently in development**

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20. Our approach to monitoring and reporting for UFS will also include how it delivers on agreed RoVE outcomes. The approach to measuring progress against RoVE outcomes is currently in development, and we will be able to provide an update once the measures associated with each outcome are agreed. The RoVE outcomes and measurement framework will allow for system-level monitoring and reporting.



**Deirdre Marshall**

Acting Deputy Chief Executive, Delivery,  
Tertiary Education Commission

31 March 2023



**Hon Jan Tinetti**

Minister of Education

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