

Building talent through supported induction

A new training model for the Food and Fibre sector via
group employment and residential training

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Background

This paper describes a potential new delivery model for vocational education delivery for the Food and Fibre sector.

It sets out the elements of a model involving a sequenced combination of residential training and workplace learning, coordinated and supported through a group training arrangement.

The proposed model has been guided and inspired by a situational analysis of both traditional and innovative models of delivery occurring in Aotearoa New Zealand and beyond.

The design features of the proposed model below draw on these insights to maximise the key benefits of residential and group training. The goal of developing this 'hybrid' is to develop a systematic workforce development and talent pipeline for the benefit of industries within and across the Food and Fibre sector.

Finally, we describe a potential pilot that could be established to test the model, including industry demand, sequencing, modes of delivery, and cost-effectiveness.

While this proposed pilot is focused on foundation level delivery (NZQF Level 2) as a 'supported induction' to employment in the industry, the delivery model is extensible and could be expanded over time to offer a wider range of learning and professional development pathways in the industry.

The model in summary

Group Employment

The proposed model would operate as a group training (or group employment) scheme. That means the learner/worker¹ will be employed by an entity that is their employer within the meaning of the Employment Relations Act (2000).

The group employer will be responsible for all matters relating to the learner's employment (HR, ACC, recruitment), while also coordinating and supporting the structured training programme, including learning and pastoral support.

The group employer would work alongside the learners and host employers, to facilitate workplace placements, develop learning plans, and monitor progress. It will provide a range of learning support and pastoral support as required to support learner success.

There are several choices about the entity that takes on the role of group employer. These include:

- extending the scope of an existing group employer
- developing a group employer as part of an industry association

¹ The term 'learner' is used from here in this paper, though it should be remembered throughout that the learner in this proposed supported induction model is an employed person throughout the process.

- establishing a group employment entity as a joint venture on behalf of several Food and Fibre sector associations
- “spinning off” a group training employer from an existing vocational education provider
- “spinning off” a group training employer from a labour hire company.

Local Hubs

Again strongly indicated by the situational analysis, and to support local employment and provide localised solutions and support, the hybrid residential and work-based model would be delivered in several regionally based hubs. Such hubs must provide access to suitable accommodation, either onsite or through a partnership. Hubs must also provide suitable and high-quality access to support the relevant learning and skills training that will occur in the residential components of the programme, and critically, authentic care to address wider learner issues and barriers to achievement.

For a pilot, we propose three to four hubs are established to test the hybrid model, with different foci to compare and contrast the model’s effectiveness. E.g.:

- A single industry model
- A multi-industry model
- A regionally-focussed model
- An iwi-led model.

Programme Structure

In keeping with group employment approaches, participation in the programme is an employment arrangement – it is not simply a course. The learners are workers, employed throughout, paid throughout, and with the possibility of moving through into employed positions with host (or other) employers including the possibility of remaining with the GTO as a higher level trainee/apprentice or cadet.

This means that even before the initial residential component (which we have termed ‘supported induction’), prospective learners meet employers from host companies as part of initial interviewing into the scheme. As well as initial screening and aptitude, this is about developing a strong purpose for the programme.

Timeframe	Activity	Outcomes
Week 0	<p>Recruitment</p> <p>Application/interview process involving host employers.</p> <p>Initial support for applicants.</p>	<p>Candidate selection</p> <p>Learner pre-screening</p> <p>Substantive roles offered.</p>
Week 1 – 3	<p>Residential 1 – supported induction.</p> <p>Go/no go assessment – the learner must satisfactorily complete to be placed with the employer.</p>	<p>Identify and evaluate own identity and personal strengths in the context of future goals and aspirations</p> <p>Apply personal wellbeing strategies and reflect on their impact to own wellbeing</p> <p>Apply literacy, numeracy and digital skills to develop tools that support future employment opportunities.</p>
Week 4 - 15	<p>Work placement 1 – Work-based learning (Employer A)</p>	<p>Demonstrate appropriate workplace practices and problem-solving skills in a specific vocational/workplace context</p> <p>Other industry-specific or sector-related skill standards.</p>
Week 15 - 17	<p>Residential 2 – collaboration and reflection</p>	<p>Identify and evaluate own identity and personal</p>

	Learner ILPs are developed based on employer feedback.	<p>strengths in the context of future goals and aspirations</p> <p>Apply personal wellbeing strategies and reflect on their impact to own wellbeing</p> <p>Apply collaboration skills to plan and implement a team project in a specific vocational/workplace context.</p>
Week 18 – 30	Work placement 2 – Work-based Learning (Employer B)	<p>Demonstrate appropriate workplace practices and problem-solving skills in a specific vocational/workplace context</p> <p>Other industry-specific or sector-related skill standards.</p>

Learning content and credentials

When developing the situational analysis, we heard we needed to strike an appropriate balance between core capabilities, employability, and specific technical skills. Focussing on these transferable skills also provides flexibility and options to the learner in terms of future pathways. In our research we were reminded that the learners may have limited prior educational success, as well as a range of background factors that unless addressed might impede their chances of success. This includes mental wellbeing and resilience, and self-care, including financial planning, noting that selection for this programme brings with it the experience of regular income.

For this illustration, we applied a currently registered 30-credit self-leadership micro-credential, designed to allow wider resilience and employability and employment aspiration via an industry context, and involving workplace experience and work-based learning.

This micro-credential has a strong emphasis on mental well-being and resilience, another theme of our stakeholder engagement. It is based on the Whare Tapawhā model of holistic learning and supports teaching through a Kaupapa Māori approach. While this credential has been registered as a general NZQF credential, the ability to “plug and play” the applied contexts means it can readily incorporate aspects of Mātauranga Māori².

One of the key benefits of residential training is the low-stakes repeatability of techniques outside of a commercial situation, and simultaneously the support from tutors and peers

² For disclosure, the Self Leadership Microcredential has been developed and registered by Ignite Colleges, which is owned by Skills Consulting Group. Ignite is also one of nine TEOs piloting incentive payments as part of the Learner Component of the Unified Funding System in 2023.

through cohort-based learning. This extends across learning support as well as strong pastoral care.

We combined this with the core insights and benefits of group training, including increased opportunity and flexibility for learners to experience a wider range of employers and workplace experiences, including reverting to the residential programme to address skills or learning gaps where necessary.

Finally, we've attempted to strike a balance in terms of the duration of programme components to ensure there is flexibility to meet learner and employer needs, sufficient time for skills development, the creation of efficient pathways to full employment, and addressing skill gaps where required.

Over 30 weeks, it may be possible for some learners to achieve more than 30 credits, while for others this will represent a stretch. The 30 credit credential, or a variant of it, would therefore be established as the 'base' credential for the programme, and, depending on the industry, we propose that 20 to 30 further level 2 credits are delivered via the 2 x 12-week work placements. Such 20 credit packages would be somewhat akin to the Gateway workplace experience programme offered by secondary schools but accessed here by a longer and more immersive workplace experience. These would be credits drawn from industry skill standards, or other micro-credentials, to provide a genuine and seamless head start into full apprenticeships or other vocational qualifications, via credit transfer arrangements.

As noted earlier, stakeholders have suggested that each hub in the pilot have a slightly different focus – regional, industry-based, or iwi-led – this would make a difference to the context and delivery approach for both the base credential and the selection of 'top-up' credits that might apply in each hub or each learner.

Following the 30-week process, the now fully inducted worker would pathway into full employment, preferably with a further training agreement to a full apprenticeship. At that point, they could be directly employed, but since it is likely they may be employed with one of the participating employers, they may also remain under the group employment arrangement for the life of their apprenticeship.

Resourcing

An estimated revenue and cost structure for the proposed model is set out below. At this stage, it remains an estimate, and we provide it with only moderate confidence. This is due to ambiguities and uncertainties around the application of the new ‘unified funding system’ for vocational education and training, which does not come into effect until 2023. This provides limited precedent, and no practical experience of its implementation. The ‘nuts and bolts’ of TEC and NZQA’s interpretation of the funding rules, and application of new cohort-based funding components are yet to be experienced by the sector.

For this reason, we recommend caution in the use of these estimates and expect that more detailed costings would be developed depending on the pilot options pursued. In particular, we note that the delivery component of the unified funding system only applies to (formerly SAC funded) Level 3 to 7 non-degree qualifications. However, UFS applies to all NZQF levels in the case of “industry training”, which we are unsure how to define in the post-RoVE context.

Since the appropriate level credential we propose for this pilot is a Level 2 micro-credential (augmented with sector-related credits), this would indicate that the UFS delivery component for work-based learning would apply while the learner is on placement with an employer, but that current SAC 1+2 – and very likely Youth Guarantee, depending on the age and prior educational attainment of the learners.

Tertiary Subsidies

This section discusses avenues and possibilities for funding the educational delivery of the model through the formal (NZQA-linked) system.

It is not a trivial exercise, given the novelty of the hybrid model being proposed, as well as the uncertainty and lack of practical experience of yet-to-be-implemented vocational education funding. This includes:

- The delivery component of the UFS, where it is unclear how multi-modal delivery will be funded for credentials listed at Level 2 of the NZQF. According to the announced criteria, it applies to formerly SAC-funded programmes at Level 3-7, but *all* industry training at *all* NZQF levels)
- The strategic component of the UFS, which might apply to support developing the model itself as a delivery innovation, and
- the learner component of the UFS, which alters the calculated funding to the programme depending on the learner characteristics (e.g. ethnicity, disability) of a *prior* cohort.

There is also a question of user pays, and what the market will bear in terms of employer contributions, over and above wage costs. There is precedent insofar as employers in other trades-based industries have paid into group employment schemes, however such ‘user pays’ components would need to be tested with Food and Fibre employers as part of the pilot, rather than be covered by other revenue sources.

Finally, we assume zero learner fees would apply in the programme, at least for a Level 2 programme aimed at attracting new entrants, as all Level 1 and 2 delivery on the NZQF have been fees-free for some time, not just since COVID.

Based on the programme structure above and TEC's published rules, we also assume that the programme would not be funded under UFS as the associated credential(s) are registered at Level 2, and as such, the old rules apply, barring further changes.

From a system standpoint, such changes would seem both sensible and inevitable, but in the meantime, it provides a strong argument to use and contextualise a currently registered and approved micro-credential, that has already achieved the NZQA "tick", rather than develop the learning content from scratch.

This would indicate that for learners under the age of 25, who have not achieved a Level 2 qualification, Youth Guarantee rates (trades) would apply, as follows:

Youth Guarantee rates (based on 0.5 EFTS)

Funding per EFTS (50 credits / 500 learning hours)	Trades
Fee and Course Costs	\$6990
Pastoral Care subsidy	\$269
Transport assistance subsidy	\$430
Total Rate (Per 0.5 EFTS)	\$7,689

Effectively, under the former funding system, the scheme would resemble a managed apprenticeship, given that a substantial amount of the teaching and learning would happen on the job.

For future proofing and potential discussion with TEC, we also suggest modelling the applicability of UFS to this programme. We recommend that the tuition and training subsidy options are discussed with TEC and the Ministry of Education, as a 'testing ground' example of the kind of pathway flexibility the new system is attempting to support.

Under the UFS published criteria, we believe the proposed model would attract "pathway to work" rates for the six weeks in residential training, and work-based learning rates for the 24 weeks of in-work training, as follows:³

UFS rates (based on 0.5 FTEL, 60 credits)

Funding per FTEL (60 credits / 600 learning hours)	Agriculture / Science
Pathway to Work	\$1,000
Work-based Learning	\$6,000
TOTAL (per 0.5 FTEL)	\$7,000

³ We believe it may be possible for programmes to be funded at both "work-based" and "extramural" rates, however, the policy on this is ambiguous at the time of writing.

Note that Māori learners, Pacific learners, learners with low prior attainment, and disabled learners would attract further subsidisation under the UFS, allocated based on a cohort-based calculation, but able to be used for the benefit of all students. The additional amount is unable to be quantified at this stage, however, based on demographics in similar programmes, several learners would likely generate this additional funding.

Development Costs

Depending on whether the group employer is new or existing, we expect some transaction and setup costs associated with setting up the group employer, engaging host employers, securing the tutor(s), and securing small but suitable venues for the residential training.

However, development costs, particularly as part of an initial pilot, are expected to be relatively small, through maximising the use of existing teaching and learning resources and credentials, engaging quality assured providers, with relevant existing accreditations, and learning technologies (LMS, digital delivery). The learning content of the RGT model is not brand new, but the delivery model and employment support arrangements certainly will be.

We believe that the strategic component of the UFS could be a suitable revenue stream to cover these development costs or be co-funded by industry stakeholders.

Delivery Costs

Our best estimate of the actual delivery cost, per learner, of the 30-week programme, is \$4,500 per learner.

This amount covers costs associated with teaching and learning delivery, and assessment both in the residential scheme, and on-placement. This figure is based on internal costings based on Skills Consulting Group Training, ad comparisons with other providers, and contrasted with a similar Horticulture pilot developed for the State of Victoria, Australia. The majority of this cost would reflect tutor remuneration and administration.

Our best estimate of the group employment cost is \$2,700 per learner.

This covers all aspects associated with the employment of the learner, pastoral care, facilitation of the workplace placement, and support for the host employers. This costing is based on an average overhead cost applied over and above the standard cost of delivery by group employers, to cover all aspects of learner and employment support. Some of this cost may be recouped from host employers, via a contribution from them reflecting the services they are receiving from the group employer.

Our best estimate of the residential cost, covering six weeks of the overall programme, is \$9,240 per learner.

***This suggests a total cost per learner of
\$16,440.***

Learner Wage costs

This cost of delivery does not include the direct employer costs of learner wages, though it is acknowledged that the host employers' willingness and ability to pay the learner/worker will be a key consideration for them in terms of participation.

Ultimately, wages should not be considered a cost of delivery since an employer would be required to pay at least the starting-out or adult minimum wage to a worker in the case where no training was occurring at all.

In this context, we note that existing wage subsidies under Apprenticeship Boost would not apply to this pilot, as the programme is not a full apprenticeship, and that it is a time-limited scheme anyway.

We recommend that the pilot is set up on the basis that the employer would be expected to pay the training wage (\$678.40 per week or \$16,281 over the 24 "on-placement" weeks), but that possibilities are explored with agencies to 'top up' to ensure the learner continues to be paid during the six weeks while in the residential programme (including the initial six weeks).

The MSD-administered 'Mana in Mahi' scheme, pays employers the equivalent of the jobseeker benefit to employers who train towards qualifications, which may apply in this case.

Māori Trades and Training is another MBIE-led scheme that might also apply to this programme, though would be limited to Māori learners and be subject to a successful application to the fund.

A potentially fruitful possibility to cover setup and development costs is the Strategic Component of the UFS, which is set up to support delivery innovations, however, the use of this for wage subsidies is unlikely to be approved.

Based on the training wage, the cost to cover learner wages during the six weeks' residential component would be \$3,888 per learner.

This suggests a TOTAL cost to deliver a three-hub pilot, involving nine host employers, and 18 learners is \$365,904

Establishing a Pilot

Testing Demand

Along with high-quality group employer and delivery partners, a critical success factor in any group employment scheme is a sufficient number of willing host employers.

Our situational analysis indicated from Australian experience that a ratio of two employers for every learner was optimal for the long-term sustainability and overall quality of the scheme.

However, to establish a small-scale pilot we propose to engage willing employers, each employer willing and able to host two pilot learners.

In addition, the overall structure we propose will ideally rotate a learner such that they have exposure to more than one employer/workplace as part of the programme.

It also remains important to note that a pilot of this nature in itself does not prove the scalability of a model. This is due to selection bias in the initial participation which may not reflect wider willingness across the sector on the part of learners or employers. In other words, a pilot will not prove “if we build it they will come”, but it will answer the question “should we build it?”.

The success in standing up the model is designed to provide evidence for the industry that it should engage, and the ultimate vision is for hubs of this nature to provide a sustainable pipeline of talent as a recognised and respected “way in” to the industry.

We also note that ultimately, the model describes a sequenced programme of multi-mode learning that rather than be piloted might be considered for future implementation by vocational providers across the sector, including Te Pūkenga, Wānanga or PTEs.

Learner Recruitment

It will also be important for the pilot to capture the effort and cost associated with recruiting learners. For a small-scale pilot, engaging suitable learners is likely to be relatively straightforward, however in today’s very tight labour market, the initial recruitment of learners into the induction phase could prove costly particularly given the strong need for host employer involvement and commitment from the very beginning. Since we also propose a specific graduation point from the supported induction to the first on-job placement, a perfect hit rate may also not be achieved.

When fully scaled up, however, the short induction period would be repeatable to remain in step with employer demand for inducted workers.

Employer Recruitment

A successful group employment scheme relies on two main factors – a quality group employer, and quality host employers. Given the small scale of the proposed pilot, we suggest that relevant associations are invited to nominate employers with a strong track record of on-the-job training, particularly, but not exclusively, through the ITO system. The selection of employers will also be determined by the focus of the pilot hubs, in terms of target industries and employers.

Next Steps

1. We propose that this programme structure and proposed delivery model be reviewed by the project steering group.
2. Following their refinement, we would be pleased to support an approach to relevant agencies to discuss resourcing, timing, and scale options.
3. We consider the ideal outcome would be to implement the pilot project (30 weeks first cohort) in 2023, optimised to seasonality in the sector.