

COVER SHEET – PGF SKILLS & EMPLOYMENT (HE POUTAMA RANGATAHI)

2.4 Pathway to Trades Project He Poutama Rangatahi (HPR)		For: Approve	
Tier:	1 - Regional	Sector:	Skills
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> TradeUp Ltd <p>Location:</p> <ul style="list-style-type: none"> Rotorua and Tauranga <p>Proposal:</p> <ul style="list-style-type: none"> A programme that assists rangatahi NEETs (not in receipt of benefits) into full-time apprenticeships in the trade-based industries, leading to sustainable employment TradeUp utilises an extensive network of employers, secondary schools, Industry Training Organisations, Corrections/Police and community groups to target most at-risk rangatahi. Two target groups: 16-17 year old school leavers, and 18-20 year olds on track to become long-term NEETs TradeUp provides intensive support to rangatahi at each step, to ensure sustainable employment: <ul style="list-style-type: none"> Pre-placement preparation– in-depth interviews with rangatahi/whanau to understand job aspirations/motivations Training and equipment set-up – tools, clothing, specialised training, driver licensing Incentive payments – weekly incentive payments of up to \$^{Commercial Information} for 5 weeks to encourage participation Post-placement support – ongoing pastoral care through to one year in full-time employment <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$^{Commercial Information} HPR Funding: \$1,686,000 		<p>We recommend that SRO(s):</p> <ol style="list-style-type: none"> Approve \$1,686,000 from the He Poutama Rangatahi portion of the Provincial Growth Fund (PGF) towards the Pathways to Trades project Refer the Pathway to Trades project for PGF funding to Regional Economic Development Ministers (RED) group for decision Recommend that RED Ministers consult with the Minister for Social Development prior to making a decision on the Pathway to Trades project Note that the Ministry of Social Development is currently reviewing its Mana in Mahi policy, and that we are closely monitoring the outcome of this to avoid duplication with this proposal 	

Background:

- TradeUp currently has a highly successful MSD contract. It has worked with over 500 clients since 2013, achieving an 80% success rate from 2015-17. It has placed 240 rangatahi into employment in Tauranga in the first quarter of 2019 alone.
- TradeUp has achieved this level of success by a) providing a bespoke job placement service that ‘finds jobs for rangatahi, rather than filling gaps for employers’, and b) using incentive payments to improve outcomes (for rangatahi, employers and TradeUp itself). These payments are made at various time intervals, and only based on successful completion of outcomes:
 - Placement [to TradeUp]: \$^{Commercial In} per rangatahi
 - Wage subsidy payments [to employer]: up to \$^{Commercial In} for 1 year’s wage subsidies
 - Continuous employment payments [to TradeUp]: \$^{Commercial In} @ 90 days, \$^{Commercial In} @ 270 days continuous employment. This pays for TradeUp’s post-placement support
- The Pathway to Trades HPR proposal would replicate this model when targeting non-beneficiaries.

	Response	PDU (HPR) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually:	100	Highly likely to achieve this target; close to 1,000 students in Rotorua and Tauranga districts did not transition to tertiary in past three years
Number of people expected to attain employment as a result of the project/activity:	^{Commercial Informa}	The HPR team is confident TradeUp can deliver similar outcomes to its current MSD contract
High level outcomes sought by the project/activity:	<ul style="list-style-type: none"> • ^{Comm}% of rangatahi will be placed into employment • ^{Comm}% of rangatahi will achieve continuous employment through to 270 days 	

Detail of who else is involved in funding the project/activity:	MSD funds a similar programme targeted at rangatahi in receipt of benefits	
PGF Skills & Employment criteria that this proposal supports:		
Te Ara Mahi Criteria	Assessment Commentary	Met (Y/N/Partial)
Link with fund and government outcomes – delivers benefit to communities		
Acts as a catalyst for improving productivity potential in the region (s)	<ul style="list-style-type: none"> Seeks to target rangatahi most at-risk of becoming long-term NEETs. If successful, this approach would increase the region's labourforce. 	Y
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> Targets trade-based industries who are key drivers of economic development in the Bay of Plenty. Aligns with Bay of Connections' <i>He Rangatahi, He Anamata Youth Strategy</i>, which focuses on ensuring Māori youth are engaged in training, leading to higher skilled and better paying jobs or self-employment 	Y
Demonstrates potential to meet the current or future labour market skill needs of the region, including those resulting from PGF Tier 2 and 3 investments	<ul style="list-style-type: none"> Strong demand for qualified tradespeople, both regionally and nationally. Housing boom in Western Bay of Plenty (and particularly Tauranga) will create ongoing demand. 	Y
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> Specifically targeted towards rangatahi NEETs aged 16-20. TradeUp has a strong track record, and up to <small>Commerce</small> of the 200 rangatahi targeted through this programme are expected to secure sustainable employment 	Y
Increases local employment and earning potential, by supporting local people into local jobs, with an emphasis on sustainable employment outcomes	<ul style="list-style-type: none"> Creates pathway to becoming a qualified tradesperson (and high earning potential) 	Y
Additionality – adds value by building on what is already there		
Addresses a gap in current service provision e.g. does not cover activities that are already funded for (unless funding is to up-scale or re-start, existing projects)	<ul style="list-style-type: none"> While there are existing models, such as Trade Fairs and the Mayors Taskforce for Jobs, TradeUp offers a bespoke service that works intensively with individual rangatahi to identify jobs that they are best suited for. This is a key point of difference from other models, which have low success rates by being less targeted in their delivery. 	Y

<p>Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision</p>	<ul style="list-style-type: none"> MSD currently has a contract with TradeUp, to target beneficiaries. The Ministry of Education should play a stronger role in connecting school leavers to potential employers, but is not resourced to do this at present (particularly with rangatahi disengaged from education) TradeUp has identified a potential future funding model where employers and ITOs all fund the provider to deliver their job matching service (i.e. with minimal/no government funding required). There is a significant level of uncertainty with regards to ITO funding, with a large review of the tertiary sector currently underway. 	<p>Y</p>
<p>Demonstrates awareness of and ability to connect to other services/initiatives that are complementary to the project</p>	<ul style="list-style-type: none"> TradeUp is led by two directors with significant experience in the trade-based industries, who are therefore able to make connections to complementary services/initiatives in the implementation of this programme 	<p>Y</p>
<p>Connected to regional stakeholders and frameworks</p>		
<p>Has support and input, where applicable, from:</p> <ul style="list-style-type: none"> Local; industry, employers, community groups and employment bodies/governance mechanisms central and local government agencies iwi and other Māori governance mechanisms 	<ul style="list-style-type: none"> Strong connections with a number of employers, industry groups and employment/governance mechanisms across the region Close connection to MSD, particularly at a regional level limited support/input from iwi/other Maori governance groups in this application 	<p>P</p>
<p>Governance, risk management and project execution</p>		
<p>Has robust project management and governance systems planned or in place</p>	<ul style="list-style-type: none"> TradeUp is a well-established business with strong project management and governance systems in place 	<p>Y</p>
<p>Demonstrates the capacity and technical capabilities to effectively implement the initiative e.g. has experience in building local capacity, lifting work readiness and knowledge of the local labour market</p>	<ul style="list-style-type: none"> Geoff Christophers and Rick Nicholson are both highly experienced and qualified directors who have the requisite skills/abilities to deliver this initiative TradeUp is currently delivering a successful MSD contract in the BOP, and will be able to leverage this experience/connection to local labour markets in its HPR contract 	<p>Y</p>
<p>Risk management approach outlined</p>	<ul style="list-style-type: none"> Risk management approach included 	<p>Y</p>

Future ownership / operational management identified	<ul style="list-style-type: none"> TradeUp will continue to be owned/operated by the existing directors into the foreseeable future 	Y							
The purpose of this briefing is to consider recommending PGF funds for the Pathway to Trades project									
<p>Regional Governance Group View: The Bay of Plenty regional governance group is strongly supportive of this proposal, with TradeUp's performance through its MSD contract a key factor. HPR worked closely with the Sector Workforce Engagement Programme team on Pathway to Trades, to ensure that the proposal aligns with employer/sector needs.</p> <p>Risks and Issues: <small>Commercial Information</small> [Redacted]</p> <p>Eligibility points of note:</p> <ul style="list-style-type: none"> Due diligence has been completed. No risks identified. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
<p>Cross agency feedback (national offices):</p> <p>NZTA – flagged reference to driver licensing in Pathway to Trades proposal, requesting further information. The HPR team will work closely with NZTA on this element of the proposal, should it be approved.</p> <p>MSD – see 'Risks and Issues' section above. MSD is satisfied that the Minister for Social Development will be consulted on this proposal prior to it going to RED Ministers for a decision, and that this will allow the agency to clarify whether there is any duplication between Pathway to Trades and MSD's revised <small>Commercial Information</small> policy.</p>									
Supporting proposal:				Yes					
Appendices:				Yes - Applications and supporting letters are as annexes					
Sponsor(s):				Kay Read					
Manager/Author of paper:				Ben Pringle, He Poutama Rangatahi team					