

2.8 Northland Employer Support Package – change of project scope

PGF Application – TE ARA MAHI		For: Approval	
Applicant:	Northland Inc.	Pipedrive ID #	Commercial Information
Region	Northland	PGF Funding Sought:	\$106,750
Region detail:	Whangarei	Total Project Value:	Commercial Information
		Applicant co-funding:	In kind Northland Inc. fund holder and management of the project
Entity Type:	Company	Funding Structure:	Grant
Entity Detail:			
<p>We recommend that the SROs:</p> <ul style="list-style-type: none"> • Approve the change of scope for the Northland Employer Support Package project to move from a three month establishment project to a 12 month pilot. • Approve the Funding Agreement for the project being re-drafted to reflect this change of scope. • Note that SROs approved a \$106,750 grant to Northland Inc on 28/06/2018 to scope the development of a Northland Employer Support Package. At that time the Board noted “ Application approved - SRO’s acknowledge that the majority of work needs to be done at the employer level and expect that employers will work with bodies like MSD and TEC to encourage best use of funds granted.” • Note that since that time several developments have occurred that rendered that work unnecessary. • Note that the original June 2018 Board paper is attached for information and that a new application was not requested by the PDU • Note that the Northland Skills and Employment Steering Group have worked with stakeholders on an amended project to ultimately achieve broader outcomes sought by the original project. • Note the changes are endorsement by MSD and TPK. • Note that TPK are co-funding the project and have approved \$ Commercial Inform cadetship funding for the development of employees. 			
<p>PURPOSE</p> <p>To provide an update on changes to the Northland Employer Support Package project and seek agreement to a change of project scope.</p>			
<p>Background:</p>			

On 28 June 2018, SROs approved a grant for \$106,750 to Northland Inc for a scoping project as the first step in developing a Northland Employer Support Package. The goal of the package is to support employers in a range of industries – including forestry, horticulture, and civil construction – to address labour shortages by employing young people at risk of long term unemployment.

The original proposal approved by SROs was to fund a three month establishment project that would engage a project manager and develop a business case for the Employer Support Package Project.

Since the approval of funding, the organisation that was going to coordinate the project, **Commercial Information**, withdrew on the basis that they no longer had the capacity for the coordination role. At the same time, a number of pilot programmes have been established in Northland that test a variety of approaches for addressing labour shortages by employing young people at risk of long term unemployment, many of which are funded through He Poutama Rangatahi and Te Ara Mahi.

Given the withdrawal of **Commercial Information** as the coordinator of the project, the subsequent delay in setting up the project, and the new programmes testing employer support models that are now underway, we are proposing adjusting the scope of the project.

The funding would still be used for the Northland Employer Support Package. However, rather than funding the design of a business case, the funding would be used to immediately establish a 12 month Northland Employer Support Package pilot that builds on the learnings from the projects rolled out in the past year.

The funding would support employers by funding staff training and pastoral support. It would also fund a co-ordinator who will be responsible for working with employers, monitoring progress, coordinating training, processing and monitoring all funding and completing reporting and evaluation. The co-ordinator would work with organisations across a range of industries; however the targeted organisations would be Māori employers operating mainly within the primary and environmental sectors. The project would be complemented by He Mahi Tautoko Pukenga, TPK's Tai Tokerau cadetship programme.

This revised approach has been approved by the Northland Skills and Employment Steering Group (NSESG). NSESG and MPI produced the original report recommending an employer support package.

NSESG supports this revised approach because it:

- achieves the same goal - supporting employers in Te Tai Tokerau to address labour shortages by employing people at risk of long term unemployment with wrap around pastoral support
- facilitates a supportive environment for the development of rangatahi
- supports specialist skills development and increases the speed of the project.

Commercial Information

Commercial Information

Commercial Information

Ability to achieve outcomes

The applicant has effectively been running an informal version of this programme, albeit not at this scale, with proven success.

Wider benefits:

- Increased social connection
- Decrease in unemployment rate, increase in wages which will stimulate the local economy
- Opportunities for locals to secure a qualification that will give them employment opportunities in the region, nationally and internationally
- Enhanced attractiveness of the region as a place to live and work

Stakeholder support:

- The applicant has worked with regional stakeholders such as The Northland Skills and Employment Steering Group, PGF Commercial Investment Team and Te Ara Mahi teams have all been involved in the drafting of this proposal and are supportive of this change of project scope. We have consulted the PDU Legal and Monitoring and Reporting Teams about contract options.

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding.

Productivity Potential

The project will improve productivity in the identified regions by:

- increasing the pool of local people who meet the requirements to fill vacant local positions;
- increasing mobility of participants through the applicants connection with other organisations in the industry
- improving employability and upskilling local people,
- strengthening, diversifying and growing regional economies

Policy objectives

Applications alignment with the principles of Te Ara Mahi:

- 1) It focuses on supporting local employers to become employee ready (understanding what supports are required to enable a successful workforce. It ensures additionality by filling a gap in service provision which existing funding does not cover.
- 2) It fits within mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF.
- 3) It indirectly reinforces investment in PGF Tier 2 (Sector Investment) and PGF Tier 3 (Enabling Infrastructure) projects; through the improvement in work readiness of potential workers required to

support investments in the region.		
PGF Criteria	Assessment Commentary	Rating Y/N/Partial
Link with fund and government outcomes		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> The project aligns with economic and employment plans in the regions 	Yes
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"> This application focuses specifically on training and/or upskilling the local people The ability to train/upskill and then work in their own community 	Yes
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> The project supports rangatahi Māori to gain skills qualifications and experience through paid employment. 	Yes
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"> This revised approach has been approved for employers in Te Tai Tokerau to address labour shortages by employing people at risk of long term unemployment with wrap around pastoral support 	Yes
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"> This funding supports employers by funding staff training, development, support, a portion of wages, as well as providing a coordinator who will be responsible for the following: Work with employers and employees to establish an individual employee development plan Connect the cadet with a coach/mentor if required Monitor in work mentoring Monitor progress of the individual development plans Source and coordinate training Process the payments for training and development Complete the reporting and evaluation 	Yes
Demonstrates why third party funding, including other government agencies, cannot be	<ul style="list-style-type: none"> Although other Ministries have some cross over stake in outcomes related to the initiative there is no funding currently available 	Yes

used to address the current gap in service provision	<ul style="list-style-type: none"> Te Puni Kōkiri have approved \$^{Commercial Info} cadetship funding for the development of employees. 		
Connected to regional stakeholders and frameworks			
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Evidence of support has been provided in the region across a broad range of stakeholders in the original application. The redeveloped project is informed by the changed environment and responsive to the needs of Māori businesses, identified through feedback and past project evaluation. 	Yes	
Governance, risk management and project execution			
Robust project management and governance systems	<ul style="list-style-type: none"> The structure of their business and their proposed structure for their training arm, service demonstrates robust project management and governance The applicant has a clear plan for developing these mechanisms to support the expansion of the service Northland Inc. is an established entity that plays a key role in developing and supporting a number of key PGF projects 	Yes	
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> Northland Inc is closely aligned to Northland growth industries and administers the TTNEAP 	Yes	
Risk management approach	<ul style="list-style-type: none"> Outlined in the original information 	Yes	
Future ownership / operational management	<ul style="list-style-type: none"> This pilot will inform the framework that could be incorporated into a number of skills and existing programmes and or employment hubs in Northland 	Yes	
Funding Arrangements			
Funds will be distributed via a milestone plan, which includes an upfront cost of \$ ^{Commercial Info} to secure co-ordinator services and continue engagement with employers and newly established industry governance groups.			
Due Diligence and Ownership			
<i>Due Diligence not required</i>			
Risk Assessment			
The key risks to the PDU and proposed mitigations of this investment are as follows:			
Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Cost Risk	Project is only for a year	<ul style="list-style-type: none"> Keep Northland Employment 	L

Funding alignment	No existing funding for this type of activity outside of the PGF.	Steering Group in the loop. <ul style="list-style-type: none"> Keep Northland Employment Steering Group in the loop. This group will potentially be the future funders, noting TPK is already a significant partner. 	L
Consultation undertaken or implications:			
<p>The following consultation has occurred:</p> <p>Internal PDU teams – feedback on application received, more information sought from applicant, new information incorporated into application.</p> <p>Other agencies – we have consulted on this initiative with a number of agencies and the Northland Skills and Employment Steering Group have indicated support for the application. TPK is also a funder and key stakeholder.</p>			
Supporting proposal:	Yes		
Appendices:	Original proposal paper		
Author of paper:	Iodi Qereqeretabua, Te Ara Mahi Team		

PROACTIVELY RELEASED