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1. FINANCIAL CAP MONITORING REVIEW - STAGE 1 (2019/20 ACTIVITY PERIOD)

The first Financial Cap Monitoring Review of the 2019/20 Activity Period for the Smart and Skilled Entitlement Full Qualifications, Entitlement Foundation Skills and Targeted Priorities Full Qualifications programs shows that the market is performing strongly overall in relation to the total allocation of Financial Caps.

There are variations in progress for individual Financial Cap(s) and the Department is addressing Financial Cap utilisation and ensuring providers are managing enrolments at this review in order to align training activity and expenditure to the available budget.

Providers are reminded of their obligations in relation to managing Financial Caps, in particular to:

- avoid exceeding their Financial Caps in the Activity Period, and
- return all or part of a Financial Cap that will not be utilised in the Activity Period.

The Financial Cap Monitoring Review commenced on 16 September 2019, as advised in Smart and Skilled Update No. 80 (5 September 2019), and the Department will be sending out a *Financial Cap Performance Report* and a *Financial Cap Progress Summary, Response and Variation Form – Review Stage 1* to Providers from today onwards.

The Department will report on progress in relation to each Financial Cap and provide an assessment of this progress and the implications/actions for each Financial Cap. For each Financial Cap, the Cap Usage Estimate is expected to be at or above 50% and the Cap Usage at or above 20%. Activity and payments must also be managed within the Financial Cap amount.

a. Financial Cap Performance Report

The Financial Cap Performance Report communicates your organisation's progress in relation to the expected level of performance at this stage of the Activity Period.

Please read the Financial Cap Performance Report carefully and if you require clarification, please contact your organisation's Strategic Relationship Manager.

b. Financial Cap Progress Summary, Response and Variation Form – Stage 1 Review

This form is pre-completed with your organisation's Financial Cap details, an assessment of progress and a description of the actions/notices related to each Financial Cap.

The Department's method for assessing progress is explained on a separate sheet within the form file. Please refer to this information to ensure you understand the implications and 'Specified Actions' your organisation must undertake in relation to each Financial Cap.

Your organisation's responses to the 'Specified Actions' must be recorded in the form.

It is important that the form structure is not altered in any way (e.g. please do not add new columns or rows, or modify cells with pre-populated information).

c. Notices regarding variations to Financial Caps and Ceasing Enrolments

The Department may issue Providers with Notices in relation to their Financial Caps where:

1. a Financial Cap is under-utilised and the Department is proposing reducing or removing a Financial Cap, or
2. a Financial Cap is over-committed or is already fully utilised and the Department has ceased accepting any further Notifications of Enrolment for that Financial Cap.

d. Assessment of Progress and Specified Actions**i. Progress is 'On Track' at this Review**

Financial Caps are considered to be 'On Track' where the Cap Usage Estimate and Cap Usage have reached or exceeded the targeted levels for this review, and have not exceeded any of the risk categories for over-commitment.

ii. Under-utilised Financial Caps

Degrees of under-utilisation are classified into four categories. For the two categories with the lowest to no activity, the Department is giving notice of its intention to reduce or remove these Financial Caps.

Providers may submit information for the Department to consider if the organisation's Financial Cap(s) results did not reach the expected level at this review.

The Department may allow some flexibility where a Provider can demonstrate it is on track to effectively utilise the Financial Cap in the Activity Period. The Provider may also propose returning an alternative amount to the amount calculated by the Department.

This information must be recorded in the *Financial Cap Progress Summary, Response and Variation Form – Stage 1 Review*.

iii. Over-committed Financial Caps

Degrees of over-commitment are classified into four categories. For the two categories with the highest risk of payments exceeding Financial Caps in the Activity Period, the Department has ceased accepting any further Notifications of Enrolment.

For the remaining two categories of over-commitment, the Department is requesting that Providers review current commitments and manage enrolments to avoid exceeding the Financial Cap(s).

Where over-committed Financial Caps are indicated, the Provider must undertake its own assessment of the commitments for each Financial Cap and provide the reasons for the over-commitment, as well as identify ongoing management strategies to avoid exceeding the Financial Cap(s). This information must be recorded in the *Financial Cap Progress Summary, Response and Variation Form – Stage 1 Review*.

e. Requesting variations to Financial Caps (increases, transfers, new Financial Caps)

Stronger overall performance of the market is impacting on the amount available for redistribution from under-utilised Financial Caps.

Requests to vary Financial Caps may only be made using the *Financial Cap Progress Summary, Response and Variation form – Review Stage 1*.

f. Submitting the completed *Financial Cap Progress Summary, Response and Variation Form – Stage 1 Review*

To submit the completed form, Providers must reply to the email from the Department regarding this Financial Cap review, which will be sent from smartandskilled.application@industry.nsw.gov.au, by **COB Friday 11 October 2019**. Please also CC your organisation's Strategic Relationship Manager on this response.

The original email from the Department will contain a reference number for tracking purposes to streamline the processing of Providers' forms.

2. SUPPORT AT THIS REVIEW STAGE: STRATEGIC RELATIONSHIP MANAGERS

Your Strategic Relationship Manager is available to discuss your organisation's performance and response to this Review Stage.

3. SMART AND SKILLED TARGETED PRIORITIES PREVOCATIONAL AND PART QUALIFICATIONS (TPPPQ) PROGRAM IN 2019-2020

The Department is pleased to support the continuation of the Smart and Skilled Targeted Priorities Prevocational and Part Qualifications (TPPPQ) Program into the second half of the 2019-2020 Activity Period and invites all Smart and Skilled Providers to participate.

The Department will consider Training Needs Identification (TNI) Applications where training must commence and complete by 30 June 2020.

The program supports:

- Training to help people develop the skills they need for their current or future employment, undertake further education, and up skill into new processes or technology

- Pre-apprenticeship and pre-traineeship training to assist individuals with choosing the right career
- NSW Government priorities including the Infrastructure Skills Legacy Program (ISLP), Refugee Employment Support Program (RESP) and Skills for NSW Drought Affected Communities.

For technical support in relation to this update, contact Training Market Customer Support at training.market@industry.nsw.gov.au or 1300 772 104.