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Evaluation of National Skills
Academies

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Executive Summary

In 2008 the Institute for Employment Studies (IES) and Ipsos MORI were commissioned to conduct a two-year evaluation of National Skills Academies (NSAs) by the former Learning and Skills Council (LSC), now the Skills Funding Agency. NSAs were first established from 2006 and have been rolled out incrementally over five rounds of development so far, under a competitive bidding process. Development funding is available from the Skills Funding Agency which must be matched against other funding for start-up, product/service development, and marketing and promotion costs over the first three years of each NSA's operation. After this three-year period, the NSAs are expected to become financially self-sustaining.

This report synthesises evidence gathered over both years of the evaluation across the following strands:

- a review of documentary evidence including NSA Business Plans, and 3-Year Reviews for the four Round 1 NSAs
- three rounds of interviews with NSAs themselves
- two rounds of interviews with NSA stakeholders (including major employers on NSA Boards and learning providers involved with NSAs)
- detailed case studies of NSA activity
- qualitative research with employers involved with NSAs
- surveys of employers in NSA sectors and learners registered on NSA-endorsed courses.

The report covers the first 10 NSAs to become operational: four approved in Round 1 (Construction, Financial Services, Food and Drink Manufacturing), four in Round 2 (Creative and Cultural Skills, Hospitality, Nuclear, Process Industries), and two from Round 3 (Retail and Sport and Active Leisure). The longest that any of the NSAs had been in operation by the end of the evaluation period was just over three years.

Key Findings

To what extent are National Skills Academies employer-led?

All the NSAs had strong employer representation on their national Boards and there was positive evidence that having an employer-led Board did have an impact on the strategy and operation of each NSA. In most cases employer representatives consisted of senior industry figures from large national employers. The lack of small and medium enterprise (SME) representation at NSA Board level was identified as a potential issue by some stakeholders who were concerned that SME views might not be heard at that strategic level. Some NSAs had adopted a second tier of regional employer boards or advisory groups which could draw in more local representation, in particular from SMEs.

A few NSAs incorporated learning providers on their Boards and this was felt to have worked very well in terms of signalling a partnership approach and showing that the NSA was 'industry-led' rather than just employer-led.

What is the level and type of employer engagement in National Skills Academies?

Engagement with large national employers took early precedence among NSAs for a range of reasons, including the need to build profile, meet challenging employer investment targets, and reach a large number of employees. As a result, stakeholders from most NSAs highlighted SME engagement as an area for further development, although this view should be set in context of the lean business model that NSAs operate and the intensity of resources needed to reach out to SMEs in large numbers.

The spectrum of employer engagement in NSAs goes from active leadership to more passive consumption of NSA-endorsed products or services. In between these two ends of the engagement spectrum are varying levels of involvement, ranging through participation in NSA governance structures; making financial, capital or in-kind investments; strategic involvement such as input into the development of new courses; and (in some sectors) paid membership.

To what extent are National Skills Academies meeting employers' needs?

All of the NSAs covered by this evaluation could show that they were meeting employers' needs to some extent, but this varied according to the development stage of the NSA and the size and nature of its target market among employers. The main examples centred around:

- Development of new courses or qualifications to fill gaps in provision and address skill needs, such as the development of new Apprenticeship frameworks and Foundation Degrees in various NSA sectors.
- Delivering training in more flexible ways, such as forming employer groups to collaborate on training and by promoting shared Apprenticeship schemes. This was particularly effective in meeting the needs of SMEs. Several NSAs had developed innovative ways to remove the barriers and perceived risks involved in taking on an apprentice for SMEs. The Creative and Cultural NSA had become an Apprenticeship training company in its own right so that it could centrally employ apprentices – thereby removing any SME concerns about cost or administrative burden – and then parcel them out to a range of different companies in order to gain the workplace skills and experience they required.
- Delivering training in more flexible settings – including promoting the delivery of Higher Education (HE) in Further Education Colleges, through brokering partnership arrangements between universities and their members to deliver Foundation Degrees.
- Effective brokerage between employers and appropriate training provision. Some NSAs were starting to implement a more 'wraparound' service offering training needs analysis through to provider referral or development of bespoke training programmes to address specific needs.

- Establishment of skills passports (in some sectors) – although employer take-up of these had been mixed.

The employer survey found that most employers who had used NSA-endorsed or developed provision were satisfied with it (68 per cent of those surveyed) and said they would recommend involvement with the NSA to another employer (74 per cent). Qualitative research identified examples in two NSAs of where employers were making specific preferences for learners who had undergone NSA-approved training. However, many employers had selected provision on factors such as location, recommendation from other employers, or past experience/history of working with that training provider, rather than specifically because it was NSA-endorsed.

Examples of the added value that employers had gained from their engagement with NSAs were increased knowledge and skills among the workforce, leading to increased quality of outputs and productivity; improvements in employee retention and progression; and improved opportunities for networking.

Are providers engaged with National Skills Academies?

Providers are involved with NSAs in a number of ways: as an approved provider; as a 'Champions' or Lead Provider for the sector or by playing a more strategic role through membership of Regional Advisory Panels, Committees or Regional Organisational Groups; or even the NSA Board. Many providers had made extensive in-kind contributions to the NSA including staff time, use of premises, and intellectual property in the form of course materials which they had developed.

Most NSAs charge providers a membership fee in return for a range of potential benefits. The membership fee ranged from around £2,000 to £20,000 per year across different NSAs.

What is the added value of National Skills Academies to providers?

Providers are generally committed to the NSA 'brand' and support the aims of the NSA or NSAs with which they are involved. From a provider perspective, the main benefits of involvement arise from:

- the 'kudos' of being part of a branded National Skills Academy network. Some providers reported they felt this had helped them to win additional contracts because it was seen as a quality kitemark.
- wider networking opportunities that have brought the opportunities to form partnerships with other providers, refer on work to other network members (and receive it) and to work in new markets (for example, across different sectors).
- enhanced opportunities for staff development through attendance at NSA-delivered 'train the trainer' events and better insight into industry needs.
- additional business leads leading to new work. Although some providers were unhappy with the number of leads they had received from NSAs – in particular as their expectations tended to have been raised quite high at the start – the evaluation also

found several examples of providers who reported that thousands of pounds worth of new business had come to them via NSA brokerage.

Have National Skills Academies brought in new employer investment in skills?

There is a wide variation between NSAs in the funding they have been able to lever in from employers and in some cases this has fallen short of expectations, mainly due to the pressures of the recession. NSAs have brought about new employer investment in skills predominantly in Apprenticeships and Foundation Degrees where none existed previously. However this is mainly through co-financed rather than full-cost recovery provision, with funding coming from the Skills Funding Agency or other sources such as Regional Development Agencies and the European Social Fund.

What has been the impact of National Skills Academies on skills supply?

NSAs have tried to improve the quality of skills supply to their sectors through:

- **Training for new entrants.** The impact of the NSAs for new learners coming into the sector was mixed and varied more by NSA than by round of development. NSAs have created new industry-specific programmes; levered in new funding such as the Future Jobs Fund; and developed pre-employment training for the unemployed. There were positive indications of impact around the following:
 - Recruitment and training of apprentices.
 - New Foundation Degrees or other graduate level training.
 - Increasing diversity.
 - Working with young people aged 14-16.
- **Upskilling for existing staff.** The main elements that NSAs were delivering or endorsing to increase the skills of those already working within their sectors revolved around:
 - Development and roll-out of skills passports. As yet skills passports have had a varied take-up, and therefore impact, in the sectors which have developed them. Employers generally thought they had been more successful in some sectors (e.g. Nuclear) than others (e.g. Process).
 - Development of progression routes such as leadership and management courses and Continuing Professional Development (CPD) frameworks.
 - Promotion of specific qualifications such as Business Improvement Techniques and development and delivery of new short courses aimed at supervisors, team leaders and managers.

How sustainable are the National Skills Academies?

The Round 1 NSAs were awarded development funding for three years, which has now finished. The development funding for the Round 2 NSAs finishes in 2011. All of the Round 1 NSAs continue to operate now that their development funding has ceased, although some of them have faced challenges along the way. These have included:

- the recession, which contributed towards lower than anticipated employer investment and lower than anticipated income from providers
- additional time and cost taken to develop and market the NSA offer
- a misplaced understanding among some Round 1 NSAs that the LSC would afford priority funding to NSA-endorsed provision.

Some Round 1 NSAs have emerged from their three-year development funding period with changed business models and operational structures, involving:

- absorption or closer links with the 'parent' Sector Skills Council (SSC), which can lead to cost savings and a more cohesive approach to employer engagement
- repositioning the NSA's business model to adapt to new circumstances by: broadening the range of products and services; introducing or changing the provider membership model; and diversification of funding streams.

Based on Skills Funding Agency monitoring figures and discussions with the NSAs involved, most Round 2 NSAs report that they are either on track or close to being on track to moving into self-sustainability beyond their development funding.

The following factors appear critical to the financial sustainability of NSAs:

- keeping central costs low and lean
- effective consultation and market research with employers to identify gaps in the market and timely development of products and services to fill these gaps
- getting the provider offer right and facilitating employer-provider partnerships rather than relaying messages between the two; and
- diversification of funding streams rather than relying on a narrow base.

1 Introduction

In 2008 the Institute for Employment Studies (IES) and Ipsos MORI were commissioned to conduct a two-year evaluation of National Skills Academies (NSAs) by the former Learning and Skills Council (LSC), now the Skills Funding Agency. NSAs were first established from 2006 and have been rolled out incrementally over five rounds of development so far, under a competitive bidding process. Development funding is available from the Skills Funding Agency which must be matched against other funding for start-up, product/service development, and marketing and promotion costs over the first three years of the NSAs' operation. After this three-year period, an NSA is expected to become financially self-sustaining.

This report synthesises evidence gathered over both years of the evaluation across the following strands:

- a review of documentary evidence including NSA Business Plans, and Project Closure reports for the Round 1 NSAs
- three rounds of interviews with NSAs themselves
- two rounds of interviews with NSA stakeholders (including major employers on NSA Boards and learning providers involved with NSAs)
- detailed case studies of NSA activity
- qualitative research with employers involved with NSAs
- surveys of employers in NSA sectors and learners registered on NSA-endorsed courses.

1.1 Policy background

Concerns persist regarding the UK's skills base compared to those of our competitors. Unfavourable comparisons are made in particular regarding the proportion of workers with National Qualifications Framework (NQF) Level 3 qualifications compared to those in France and Germany. One frequently identified barrier to the uptake of more and higher levels of vocational qualifications is low levels of employer engagement with the vocational education and training system. Their role in identifying the knowledge and skills required by an economy grounded in high performance and high value-added operations has been seen as crucial since the Review of Vocational Qualifications Working Group, which recommended that standards to form the basis for all future vocational awards should be 'employer-led' to ensure relevance, currency and credibility. Successive governments have been keen to see closer collaboration between training providers and employers. For example, the award of Centre of Vocational Excellence (CoVE) was conferred partly on the grounds of employer engagement, and the 'new standard' set out in 2006 indicated that employer-responsiveness would become an award in itself, alongside vocational

excellence. Centre of Excellence status would be awarded for specific areas or faculties within colleges which specialised in sector-specific training delivery.

The new National Skills Academies, the first being established from late 2006, were set up to be employer-led centres of excellence in learning and form part of successive government strategies to increase employer engagement with, and leadership in, vocational education and training, and improve the skills available in the working population. They bring together employers and specialist training providers. Employers are expected to make a significant contribution to capital costs; in addition Sector Skills Councils (SSCs) are expected to enter into a dialogue with employers to determine the level of investment that will be required for NSAs to sustain skills development within the sector. Evidence of substantial employer investment is one of the factors that are taken into account in considering whether to fund proposals for NSAs. Employers are also seen as contributing intellectually by transfer of first-hand business knowledge to training providers, along with driving curriculum developments.

NSAs are designed to facilitate the delivery of training to existing employees and new entrants, depending on the priorities of employers in their sector. While they will continue to promote established awards, such as Apprenticeships and Advanced Apprenticeships, they may also be involved in the development of new awards to meet the needs identified by employers, if gaps in provision exist. Their delivery arrangements are meant to be designed to fit the needs of employers within their sector and therefore vary significantly across the different NSAs.

NSAs were rolled out incrementally from September 2006 under a competitive bidding process, with five rounds of development so far. The individual NSAs covered by this evaluation are: Construction, Financial Services, Food and Drink Manufacturing, and Manufacturing (Round 1, approved in 2006/2007); Nuclear, Process Industries, Creative and Cultural Skills, Sport and Active Leisure, and Hospitality (Round 2, approved in 2007/2008); and Retail (Round 3, approved in 2008/2009).

Since 2006, the economic outlook has deteriorated significantly. As a consequence, employers' approaches to investment in skills development has become more focused and colleges and training providers' budgets for investment have been placed under increasing pressure. Therefore the context in which NSAs were first established has changed considerably and they have had to adapt accordingly.

1.2 Research objectives

The aim of this evaluation is to understand the added value generated by NSAs, across the network and individually, and to assess whether they have met the aims set out for them in the 2005 White Paper ('Skills: getting on in business, getting on at work', March 2005, DfES), the National Prospectus and in individual business plans.

The aims set out for NSAs in the 2005 White Paper were as follows:

- Deliver high-quality training.
- Provide first-class teaching in a modern learning environment.

- Be centres of innovation and creativity, developing and reshaping training programmes to meet the sectors' needs.
- Be flexible, sustaining the closest possible relationships with employers of all sizes.
- Build networks with a range of other learning providers, so that new thinking, new methods and higher standards are not limited to single organisations, but work to the benefit of learners and employers across the training and skills sector.

These aims are developed into some more detailed objectives in the NSA Prospectus for 2007 which states that NSAs will, when fully developed:

- Provide up-to-date, flexible, accessible, responsive, high-quality and cost-effective solutions to skills needs.
- Work with Sector Skills Councils (SSCs), design and deliver excellent skills programmes, qualifications and curricula that meet current and future sector needs.
- Be centres of innovation and creativity for the design and delivery of the programmes which best develop the skills that employers are looking for in each sector.
- Create and integrate learning technologies in the design of learning programmes where appropriate.
- Link with existing national, regional and local networks of colleges and training providers within their sector.
- Build on good practices to reshape curricula, teaching, learning and assessment methods and trainer, teacher and assessor capacity.
- Promote equality and diversity, broadening the base of recruitment into the sector by tackling the obstacles and barriers faced by some groups in gaining access to training and jobs in different sectors.
- Attract significant employer investment in skills, as part of the partnership between the state, employers and learners to raise the national game in skills.

In addition, NSAs have their own individual objectives as set out in their Business Plans.

1.3 Evaluation framework and methodology

As the evaluation is so wide-ranging, covering both operational and strategic levels, an evaluation framework was agreed with the Skills Funding Agency in order to map the key evaluation activities and research questions against the research aims. The evaluation framework is included in the Appendices to this report.

Based on this framework, a variety of work streams have been employed over the past two years in order to meet the evaluation's objectives. These include:

A programme of interviews with NSA Directors/Chief Executives and other leading staff. Three rounds of interviews were conducted in October-November 2008, December 2008-January 2009, and July-August 2010.

A documentary review of NSA business plans, and of the 3-Year Reviews for the four Round 1 NSAs which have reached the end of their development funding.

- A review of Management Information (MI) regarding employer investment in NSAs (both in cash and in kind) and learner numbers.
- Qualitative interviews (a mix of face-to-face and telephone) with NSA stakeholders in February-March 2009 and February-March 2010. For the purposes of this study and in consultation with the Skills Funding Agency, NSA stakeholders were defined as the following: senior-level contacts from the main employers represented on the NSA national Board; other Board members including the relevant SSC or other industry bodies; other funders such as Regional Development Agencies (RDAs); and leading training providers.
- Qualitative interviews with 50 employers who had used NSA services or endorsed provision, but were not national Board members. Interviewees tended to be designated Human Resource (HR) or Learning and Development Managers in medium and large companies, or general Managers/Directors in small companies. This element of the research was carried out in Year 1 of the study and focused on employers working with Round 1 or Round 2 NSAs.
- A telephone survey of 2,000 employers (in Year 2). Employers were identified from a sub-sample of the National Employer Skills Survey (NESS) 2009 who said they had heard of National Skills Academies and agreed to be re-contacted for further research.
- A telephone survey of learners enrolled on NSA-endorsed courses.
- A programme of case studies focusing on innovative aspects of NSA activity. The case studies encompassed qualitative interviews with relevant NSA delivery staff, employers, training providers, and in some cases a small number of learners.

Detailed findings from each of these individual workstreams have been provided to the Department for Business, Innovation and Skills (BIS) and the Skills Funding Agency in separate reports¹. This synthesis report draws together the evidence from across all these strands to address the key research questions.

¹ These reports also contain technical details on methodology and sample composition.

1.4 Structure of this report

This synthesis report is structured as follows:

- Chapter 2 focuses on the NSAs' approach to employer engagement. It considers the types of employer involvement with NSAs; the extent to which the NSAs are employer-led and currently meeting employer needs; what added value employers perceive they get from working with NSAs; and how employer engagement strategies could be improved.
- Chapter 3 explores the extent and nature of NSA involvement with learning providers, including the effectiveness of provider networks, the sharing of good practice and development of innovative methods of delivery, and what added value providers perceive they get from involvement with NSAs.
- Chapter 4 considers the progress made by NSAs so far and their overall impact on areas such as training delivery and skills supply.
- Chapter 5 assesses how NSAs are addressing their future sustainability; to what extent NSAs are perceived as value for money; how effectively they are being marketed and promoted to employers; and the extent to which employers are likely to fund NSAs in the future.
- Chapter 6 presents the main conclusions which have emerged from the evaluation and draws out their implications.

A summary of the key findings for each NSA is presented in the Appendices. The report is illustrated with quotations from the employer and stakeholder research (with key characteristics of the respondent indicated) and vignettes from the case studies (in boxes).

2 Employer Engagement with National Skills Academies

In this chapter we review the available evidence on employers' awareness and understanding of NSAs and explore the ways that NSAs are going about marketing themselves to employers and building employer relationships. The chapter then considers the extent and range of employer engagement, and what added value employers get from involvement with their NSA.

2.1 Chapter summary

NSAs generally adopted a targeted approach to employer engagement within the sectors and occupations on which they are focused and engagement with large national employers took early precedence.

- Employers involved with an NSA had a clear understanding of what it was aiming to do (e.g. raise the quality of training provision and broker better relationships between employers and providers).
- Successful approaches used by NSAs to build a wider base of engagement with employers include: college-based promotional events; master classes; skills champions or ambassadors; and working with supply chains.
- The spectrum of employer engagement in NSAs goes from active leadership through participation in NSA governance structures; making financial, capital or in-kind investments; strategic involvement such as input into the development of new courses; and (in some sectors) paid membership, to more passive consumption of NSA-endorsed products or services.
- NSAs met employer needs through:
 - Developing of new courses or qualifications to fill gaps in provision.
 - Delivering training in more flexible ways and settings.
 - Effective brokerage between employers and appropriate training provision. Some NSAs were starting to implement a more 'wraparound' service offering training needs analysis through to provider referral or development of bespoke training programmes to address specific needs.
 - Establishing skills passports.
- Examples of the added value that employers had gained from their engagement with NSAs were increased knowledge and skills among the workforce, leading to increased quality of outputs and productivity; improvements in employee retention and progression; and improved opportunities for networking.

2.2 Employers' awareness of National Skills Academies

In the first year of the NSA evaluation, employers and stakeholders alike were clear that, to be sustainable, NSAs across the board needed to 'increase employer awareness of their presence and more clearly expound the case to employers for engaging with their NSA'. Around that time, just over one-third (36 per cent) of all employers in England had heard of National Skills Academies and two per cent had engaged with an NSA².

A representative sample of 2,000 employers who said they were aware of NSAs generally were re-contacted in February 2010 and surveyed as part of the NSA evaluation. While useful as an overview of NSA's profile among employers within their sector, some NSAs were established to focus on particular sub-sectors, occupations, or skill levels, for example where skills shortages or skills gaps are more prevalent, and therefore will not have a universal 'reach' across employers in their sector. An example of this is the Creative and Cultural NSA which is focusing primarily on the recruitment and training of backstage technical staff. The survey results therefore provide an indicative picture of employer awareness in that it was not technically possible to focus the survey sample on each individual NSA's target market of employers. In addition, as the survey sample was stratified according to SSCs' Standard Industrial Classification (SIC) footprint, it is not possible to differentiate the results for the NSAs for Nuclear and Process Industries, which both fall under the footprint of Cogent SSC.

The survey found that the majority of employers who had heard of NSAs generally were also aware of the NSA specific to their sector (69 per cent), representing around 25 per cent of all employers. Given the relative newness of the NSAs, which had only been operational for between one and three years at the time of the survey, this figure compares favourably with employer awareness of Sector Skills Councils (SSCs). The latest figures on SSC awareness showed that 29 per cent of employers were aware of their own SSC by name and 21 per cent were aware of SSCs generally³.

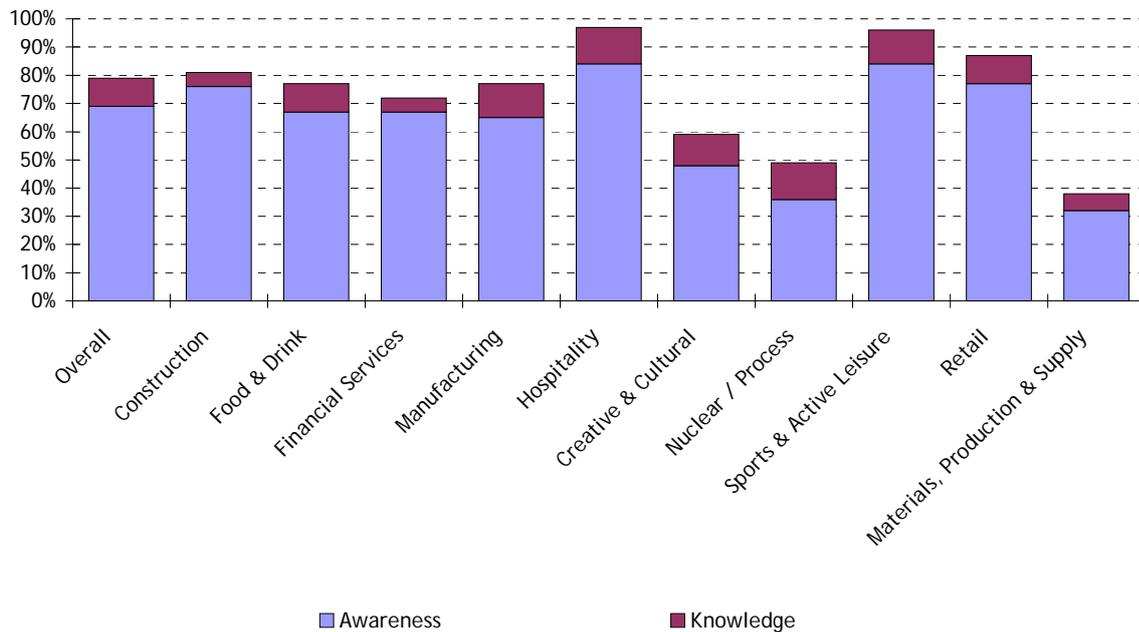
Figure 2.1 shows that the highest levels of NSA awareness were found among employers in Hospitality and Sport and Active Leisure (both Round 2), Retail (Round 3), and Construction (Round 1).

Around half of employers who were aware of their NSA said they knew it by name only (54 per cent) while 10 per cent claimed to know a great deal or a fair amount. Although these figures appear low at first, given the relatively short length of time that NSAs have been operational they again compare favourably with the latest available findings on employer knowledge of SSCs, which are much more long-standing organisations: among aware employers, 21 per cent said they had a very or fairly detailed understanding of their SSC and 50 per cent said they had heard of it in name only⁴.

² National Employer Skills Survey 2009, http://www.ukces.org.uk/upload/pdf/NESSKeyFindings202009_2.pdf

³ Skills for the Workplace – Employer Perspectives Evidence Report 1, November 2008, UKCES and IFF Research Ltd

⁴ *ibid.*

Figure 2.1: Employers' awareness and knowledge of NSA by sector

Base: 2,000 employers who have heard about National Skills Academies, fieldwork dates 15 February to 19 March 2010
Source: Ipsos MORI

The NSA and stakeholder research identified that many NSAs have initially targeted large employers and this is reflected by the survey finding that employers with 100 plus employees were more than twice as likely as micro-employers (with 2 to 24 employees) to say they knew at least a fair amount about their sector's NSA (22 per cent compared with eight per cent). The fact that NSAs have targeted large employers in the first instance is understandable given that they are approved on the basis of strong national employer leadership and are set challenging employer investment targets. In many sectors, SMEs need to see that large employers support the ethos of the NSA before they will themselves get involved. All NSAs have particular ambitions around SME engagement and fulfil these in different ways (described in more detail in Section 2.3.1).

Among NSA stakeholders, views on the profile of NSAs and how well they had conveyed their messages to employers divided into three groups:

- There were those considered to have a strong profile, well recognised within their sector (for example the NSAs for Construction, Nuclear, and, given the progress it had made since launch, Creative and Cultural Skills). The NSA for Nuclear in particular stood out as having particularly effective brand management:

'I think the nuclear academy in particular promotes its brand and has established its brand well... I just think real attention to detail in terms of how they develop their materials and present everything with the appropriate branding – it just starts to establish itself as part of the furniture.'

NSA stakeholder, industry representative, Nuclear (Round 2)

- For other NSAs (for example Food and Drink Manufacturing, Retail), their stakeholders generally thought that their employer profile was improving and had developed over the past 12 months. In some cases stakeholders felt that the brand was better known at national level or with large employers and needed to be cascaded down through the regions or into other parts of the sector.
- For a third group (for example Hospitality and Sport and Leisure), stakeholders felt that the NSA profile needed further development so that employers had a better understanding of what the NSA could offer. While this appears to contradict the survey findings showing highest recognition among Hospitality and Sport and Active Leisure employers, it should be noted that stakeholders emphasised employer understanding of and engagement with the NSA rather than awareness. By the time of the final interviews with NSAs (four months after the stakeholder research), this did appear to be improving as these NSAs cited various examples of recent extensive employer take-up of new NSA programmes or initiatives. For example the NSA for Sport and Active Leisure had delivered a large-scale programme under the Future Jobs Fund and the NSA for Hospitality had recently launched a new customer service benchmarking tool within the industry using Mystery Shopping, which has had rapid take-up among employers.

2.2.1 Do employers understand what National Skills Academies can do for them?

The employer survey, which was conducted during Year 2 of the evaluation, found that 85 per cent reported a limited understanding of the benefits of membership and use of NSA services, although this declined to 75 per cent among those who were actually involved with their NSA. The findings were broadly consistent across NSAs.

The qualitative research and case studies targeted employers who were actively engaged with their NSA and these more involved employers tended to have a better understanding, although they often placed different emphasis on the NSAs' role depending on their own personal experience of dealing with it. Across all NSAs there was consensus about the following:

- **Upholding and raising the quality and industry-relevance of training provision.** It was a commonly held view among employers that part of the NSAs' remit is to ensure industry-relevant and high-calibre training provision. This could be done by applying a consistent and transparent set of criteria with a view to giving employers confidence in assessing which qualifications and providers to use.
- **Brokering employer-provider relationships and sharing best practice.** Employers had a clear view that the NSA role was to bring together a network of employers and providers to enable employers to source suitable provision and to promote the sharing of training and development best practice.
- **Developing and promoting opportunities for work-based learning.** Employers across the board were agreed in the view that a key element of the NSAs' remit was to promote work-based learning at whatever level was required within the sector to address its main skills issues.

Alongside these, the following aims were highlighted by employers in particular sectors and reflect the individual aims of those NSAs:

- **Promoting the image of the sector.** Employers, particularly in the NSAs for Manufacturing, Nuclear and Process Industries, felt that a key aspect of the NSAs' role was to raise the profile and image of the sector so as to attract more and higher quality new recruits.
- **Developing skills passports.** Several NSAs have been involved in the development of skills passports which aim to provide employees with a transferable record of their qualifications and experience, and which can be easily assessed by future employers. In sectors where these were being developed, such as Nuclear, employers identified this as a role although there were mixed views about its importance.
- **Consultancy.** This role involved NSAs moving beyond the brokerage of training provision between employers and providers, to working in-depth with employers to help them to identify training needs and recognise what staff development might be required to help improve business performance.

That said even some engaged employers remained confused about the role of NSAs and what their NSA could offer. The case studies identified several employers who had been involved with NSAs in relation to specific projects but who were unaware of the other activities that the NSA was doing (this applied across employers involved with the NSAs for Manufacturing, Food and Drink Manufacturing, and Nuclear).

'We took part in a project 18 months ago around benchmarking and sharing good practice. An employer forum was established to help the NSA decide what direction they should go in and how they could best support industry. However I have had little engagement other than this and Project Eden....'

Employer, Food and Drink Manufacturing (Round 1)

In one case an employer denied all knowledge of the NSA and was adamant they had only had dealings with their SSC, even though the NSA had recommended them as an interviewee involved in a key NSA project. This illustrates some continuing confusion among employers between the NSA and the SSC brands.

2.2.2 How can employers' understanding of National Skills Academies be improved?

Marketing that leads to engagement not just a higher profile

The Year 1 synthesis report identified the need for a **more co-ordinated NSA marketing campaign** aimed at employers in order to raise the profile of NSAs as a network and thence increase employers' awareness of what individual NSAs could do for them. However some of the national policy stakeholders who were interviewed in Year 2 felt the NSAs had such diverse objectives and ways of working to meet the needs of its sector that it was difficult for them to form a cohesive network or to share good practice.

'It's difficult because I don't see the consistency that one would hope for being articulated. I appreciate there needs to be sectoral variance but quite frankly, the range of variance, it doesn't feel like there's been any rules applied at all.'

National policy stakeholder

As well as doing more as a network to raise their collective profile, there remains scope for individual NSAs to raise their individual sector profiles and to build relationships through which employers have a genuine understanding of what the NSA can do for them rather than merely raising awareness that it exists. Clearly each sector is different and employers have their own preferred communication channels depending on a variety of factors such as location, company size, contact with other brokerage or business advice services, etc. As well as NSA websites and other promotional materials such as case studies, examples of marketing strategies successfully used by NSAs looking to build a wider base of engagement with employers include:

- **High-profile launch events** for employers and other key stakeholders in the industry, although there were warnings from some stakeholders about the risks of 'image' taking precedence over 'substance' and that the initial launch should not raise expectations overly high if the NSA itself was still developing its infrastructure and products/services.

'There is merit sometimes in a soft launch, making sure that you've got the staff and products in place before you really go full blast with it.'

NSA stakeholder, industry representative, Retail (Round 3)

NSAs and their stakeholders felt that it was particularly important to demonstrate the support and engagement of large national employers, which all NSAs regarded as key to meeting their objectives and to developing further engagement with providers and SMEs.

- **College-based promotional events** to raise the NSA profile among staff and learners, for example the 'Money Week' events at 75 FE colleges in March 2010, organised by the NSA for Financial Services.
- **Masterclasses** offered to learners by highly skilled professionals in the industry (for example the NSA for Retail had recently launched a Master class series endorsed by Mary Portas). NSAs regarded such high-profile associations as providing good profile-raising publicity as well as being of particular appeal to SMEs and independent traders.
- Employers and providers acting as **skills champions or ambassadors** to promote the NSA within particular regions or sub-sectors. Some NSAs such as Retail invite representatives of leading employers to become involved as sector Ambassadors, whose role is to raise the profile of working in the sector among young people, by visiting schools and colleges, talking about retail careers and the opportunities for progression, and, in some cases, developing more structured work placements for young people.
- **Cascading awareness and building engagement through the supply chain or via regional/local hubs.** This was felt to be a particularly useful way of reaching Small and Medium Enterprises (SMEs), as demonstrated by the NSA for Construction.

In addition, given some of the evidence presented in Section 2.2 there are clearly opportunities for some NSAs to do more proactive '**cross-promotion**' of **products or services** to employers with whom they have an existing relationship, so that these employers have a fuller understanding of the NSA role and the range of services that are on offer. In some cases, some of the early NSAs had not taken the opportunity to develop employer relationships beyond the bounds of particular projects or activities (although they were now seeking to do so).

Better employer relationship management

Some of the Round 2 and 3 NSAs appear to have adopted a more comprehensive relationship management approach and offer **flexible engagement models** allowing employers to 'pick and mix' which NSA products or services they utilise at different intervals, according to their needs.

In this respect both the structure of the NSA and its relationship with the SSC are important in enabling the development of a strong **relationship management framework** with employers. In examples of this working well, the SSC tended to take the initial lead with employers but then referred them to the NSA to provide a more specific brokerage service to relevant training, although in the case of the NSA for Process Industries and Cogent, the SSC had actually sub-contracted the NSA to take the lead on employer engagement across both organisations. In another example, the employer engagement teams of the NSA for Manufacturing and the Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTEA) had merged following the merger of the two organisations.

'When we get to the end of the second or third conversation about that topic and we have to almost refer the employer on to a third party, which is now the NSA, and get that product or service delivered... so it's almost a continuum with us in the first instance doing 95 per cent of the work and 5 per cent handover.'

NSA stakeholder, SSC representative (Round 2)

National policy stakeholders felt strongly that NSAs and SSCs should have this degree of fit and offer employers an end-to-end service:

'What the employers want is one approach, and you've got an SSC with a subsidiary of the NSA – they should be able to achieve one approach. So if there is feedback from employers saying that isn't happening then the SSC and the NSA need to get their house in order.'

National level policy stakeholder

There were some early examples where this was not the case and some NSAs and SSCs had been approaching the same employers, but this had subsequently been addressed through working more closely on employer relationship management and in one case through a shared Memorandum of Understanding about the SSC and NSA's respective roles and remits.

For this approach to be successful NSAs need **to be clear about their own role in the employer support marketplace and how this sits alongside, but differentiates from, that of SSCs**, as employers can still be confused between the two. It appears that there is greater clarity now than was found in Year 1 of the evaluation, when some overlaps were apparent. Where the roles have become more clearly demarcated this has usually been because of adjustments made by the two organisations to their operational and staffing structures.

'We've put a lot of effort into saying what is our role and what is the role of the NSA, and we have made adjustments to actually accommodate the position of the academy. Before the academies came along we did all of that.'

NSA stakeholder, SSC (Round 2)

2.3 What is the level and type of employer engagement in National Skills Academies?

2.3.1 The extent of employer engagement

The four Round 1 NSAs cite the following number of employer engagements in their 3-Year Reviews following the end of their development funding:

- Construction: 3,500 employer engagements for delivery. No employer membership scheme operates as the NSA works through large-scale construction projects each involving around 200 contracting and sub-contracting organisations.
- Financial Services: 250 employer engagements for delivery; 250 other employer engagements. In addition there are 70-90 employers participating in the NSA regional or national Boards.
- Manufacturing: The NSA records 7,597 employer engagements for delivery together with 750 other engagements. In addition there are around 74 employer-members who sit on NSA regional advisory groups.
- Food and Drink Manufacturing: 55 employer engagements for delivery in 2009 (not measured before that), other engagements not measured.

Consultation with the other Round 2 and Round 3 NSAs covered by this study showed wide variation in the number of employers actively engaged with the NSA. For example the NSA for Creative and Cultural Industries reported 230 employer members (who each paid a nominal membership fee); while the NSA for Sport and Active Leisure reported that 300-400 employers were actively engaged with the Academy, including 200 members. The NSA for Nuclear was viewed as being particularly successful in developing a strong membership base covering the majority of their sector, although it was recognised that several factors helped to facilitate this, such as the cohesiveness of the sector, the predominance of a relatively small number of large employers compared with other sectors, and the lack of competition from other bodies offering a similar service:

'The vast majority of employers are signed up and supportive of the NSA – probably 80 per cent of the key players in the nuclear industry are associate members, so the employer engagement saturation level is very high. The rest are smaller supply chain industries who don't have so much of a direct interest.'

NSA stakeholder, industry representative, Nuclear (Round 2)

Engagement with large national employers took early precedence among NSAs for a range of reasons, including the need to build profile, meet challenging employer investment targets, and reach a large number of employees. As a result, stakeholders from most NSAs highlighted SME engagement as an area for further development, although this view should be set in context of the lean business model that NSAs operate and the intensity of resources needed to reach out to SMEs in large numbers. NSAs across the board were at different stages of implementing strategies for **breaking into the SME market**. Stakeholders and employers alike felt this was an important step as SMEs often face different skills issues and have differing training priorities to large employers. For some NSAs, such as Creative and Cultural and Sport and Active Leisure, the issue was even more crucial because of the prevalence of SMEs within those sectors, and indeed those NSAs had made good ground in developing their offer to SMEs given the relatively short space of time they had been in existence.

Strategies which NSAs and stakeholders identified as being effective in developing SME engagement so far were as follows:

- Effective marketing, especially through on-the-ground engagement such as road shows, offering face-to-face contact.
- Building links with industry trade organisations or employer representative bodies such as the Federation of Small Businesses, which could help the NSA tap into the SME market.
- Tailoring membership fees to the size of the organisation or keeping a low flat-rate fee (where the NSA operated an employer membership). For example the NSA for Sport and Active Leisure offers different membership packages for sole traders, small and medium-sized companies, and large employers. The NSA for Creative and Cultural Industries, with a high proportion of SMEs within their sector, offers membership at a relatively low flat-rate fee compared with some other NSAs.
- Offering flexible models of engagement so that employers could pick and mix which NSA products or services were relevant to them. Often this was by offering tailored brokerage or consultancy services which could help the employer to identify skills issues within their business and work with them on how these could be addressed, through referral to NSA-endorsed or developed provision.
- Offering SMEs the innovative products or services which they could not access elsewhere – for example, by helping them to employ apprentices through shared Apprenticeship schemes which meant that the time and monetary investments required could be shared among a number of other small businesses.

- Demonstrating the Return on Investment (ROI) to training (for example, taking on an apprentice) – i.e. what business benefits it could offer to the SME. This was mainly done through face-to-face meetings and the development of promotional case studies.

2.3.2 What does employer engagement actually mean in relation to National Skills Academies?

The spectrum of employer engagement in NSAs goes from active leadership to more passive consumption of NSA-endorsed products or services. Engagement falls into the following main categories:

- Leadership and governance, for example membership of the national or regional Boards (see Section 2.4 for more detail).
- Financial, capital or in-kind investment (see Chapter 5).
- Strategic involvement, for example input into curriculum design or new course development, especially Foundation Degrees and Apprenticeships.

The NSA for Food and Drink Manufacturing has developed and piloted a professional bakery course with heavy input from employers. Employers formed a Steering Group to determine which skills were required and the most appropriate method of delivery and on the basis of this developed a modular course syllabus.

It has also co-ordinated the delivery of Project Eden, a Foundation Degree programme which started in March 2009. Twenty-seven learners were selected to go through the programme initially. The Foundation Degree in Dairy Technology will be validated by Harper Adams University College. The NSA provided a project manager to manage Project Eden and this person has helped iron out some initial difficulties.

The programme has been developed with employer engagement funding from Harper Adams University College via the Rural Employer Engagement Development Network (REEDnet). There is a Steering Group headed by the supply chain director of Arla Foods. The Steering Group has a curriculum sub-group who have written the modules, working initially from titles and briefings written by the industry and with the draft materials being taken back to employers for approval.

The NSA for Nuclear has spearheaded the development of new Level 4 qualifications for the industry after several employers voiced a need for more industry-relevant qualifications at this level. A working party was established to develop the outline of the qualifications and build links with Higher Education (HE) institutions, with employers consulted and invited to give feedback at each stage of the process.

- Paid membership

The NSA for Process Industries has adapted its employer membership model after finding that employers in the sector preferred to pay for products and services as they used them rather than pay an upfront membership fee.

'A lot of employers are saying, look, pay as you go, we're happy to work with the academy and get them to refer training and they earn some money out of that, but a long-term plan, no, we'll cover that next year.'

- Use of NSA products or services, for example NSA-endorsed or developed training courses.

In the first year of the evaluation it appeared that there was more employer involvement in NSA leadership and governance than in using NSA products or services, but the balance has now shifted considerably towards the latter, as the Round 1 NSAs have made further progress and most of those which started in later rounds have got up to speed much more quickly in terms of development and delivery.

2.4 Does an employer-led Board influence National Skills Academies' operation and overall direction?

All of the NSAs had **strong employer representation** on their national Boards, predominantly consisting of senior industry figures from large national employers, and these were central to their strategic direction. In addition to this, a number of NSAs (for example, Sport and Active Leisure, Financial Services, Manufacturing) operated regional employer boards or advisory groups which worked more closely with local providers. Some NSAs such as Creative and Cultural and Retail have avoided a regional sub-structure in order to keep their central costs down, but they do operate on a local/regional basis through their provider and Skills Shops networks and links with the SSC.

Very few national boards included representation from SMEs or SME-representative bodies, and while it was felt that having regional level boards or sub-groups opened up more localised opportunities for SMEs to get involved, there was a concern among many stakeholders about the views of SMEs being sidelined at national level. This does not mean to say that NSAs were not engaging with SMEs in terms of their products and services, but most stakeholders felt that there was limited representation from NSAs at Board level and therefore limited opportunity for SMEs to influence the NSA's strategic agenda. A few NSAs were working with trade federations or small business organisations to involve SME viewpoints in Board discussions.

As well as a lack of representation from SMEs, the other potential issue identified by stakeholders in some sectors was limited or no Board representation from learning providers. There were some examples of NSAs with provider representation at Board level (for example, Financial Services and Creative and Cultural Industries), but these were in the minority. Although NSAs were originally established to be employer-led, some stakeholders felt that there should be more of a partnership approach, with the NSA being 'industry-led' rather than solely employer-led.

The NSA for Creative and Cultural Industries has a network of 20 ‘founder colleges’ and a Principal’s Group meets four times per year. In addition to this two of the Principals are also members of the NSA Board alongside employers and other major industry organisations. The NSA believes this has placed employers and learning providers on a strong partnership footing to best meet the needs of the sector:

‘Why has it been so successful? I think because it’s a partnership model and not a badging model. I think we can do more with the colleges than to the colleges so to speak and I think the seniority of the engagement in the colleges is absolutely critical to success.’

There was positive evidence that having an employer-led Board did have an impact on the strategy and operation of each NSA, although in some cases it was difficult to determine whether the strategy emanated from the Board first or whether the Board was recruited to fit with the NSA’s strategy. For example, the NSA for Retail’s Board includes representation from property developers who own shopping centres. One of the ways the NSA operates is through Skills Shops located in shopping centres or town centres, where learners can be trained in a real-life retail environment. The involvement of the shopping centre owners means that they can facilitate the opening of Skills Shops in their empty retail units.

2.5 To what extent are National Skills Academies meeting employers’ needs?

In the first year of the evaluation the majority of stakeholders and employers felt that it was too early to assess whether the NSAs were meeting employer needs, but that they were moving in the right direction. Although many examples were given of organisations which had benefited as a result of engagement with an NSA, the general view was that their success could not be fully gauged until products and services such as new qualifications frameworks and skills passports had been set up, and a greater number of employers across the industry had been involved. Two potentially useful measures of whether employers perceive NSAs to be meeting their needs emerged from the Year 1 interviews are the extent to which employers:

- give preference (e.g. in recruitment or wage settings) to learners from NSA accredited training providers (this applies across all NSA sectors)
- support NSA efforts to establish skills passports (in relevant sectors).

2.5.1 To what extent do employers prefer learners from National Skills Academy-accredited provision?

One of the main aims of the NSA network is to develop high-quality provision for training and development which is tailored to the needs of the sector, making it more industry-relevant and up to date to meet employer requirements. Therefore we might expect that employers would give preference to recruits from NSA accredited training providers or send their own employees on NSA accredited courses in preference to other training.

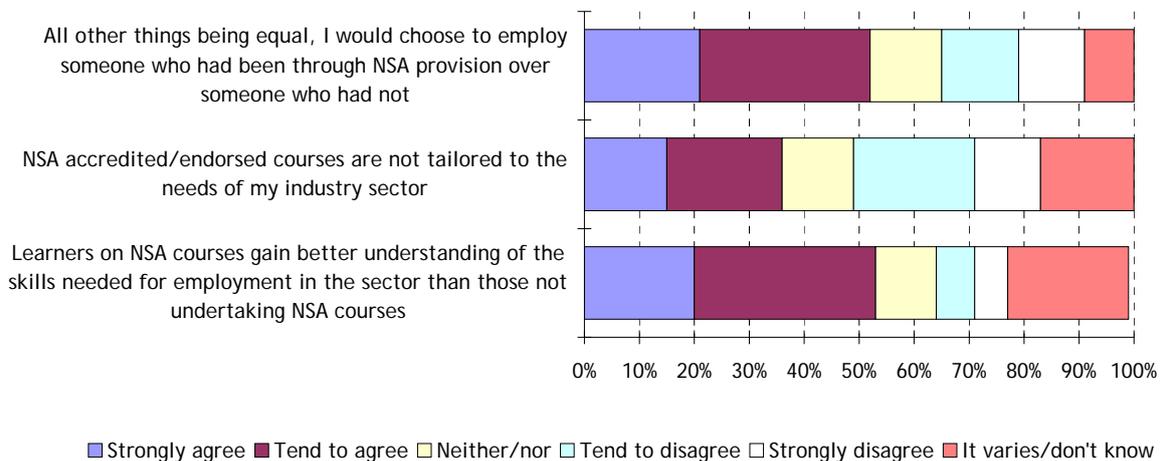
In the Year 1 qualitative research, several employers said that they would make a positive distinction in favour of candidates who had undertaken NSA-endorsed or accredited provisions because it signalled that the training was relevant to the industry. Others said that it would not be the deciding factor for them. Instead, they would be more focused on the applicants' work experience. Most employers, however, felt that they would need to wait to see if the quality of applicants was any higher, or if accredited provision was widespread enough, to be able to express a preference for someone who had taken the course. This applied across all of the Round 1 and Round 2 NSAs.

'I think there would have to be a period of testing. So if somebody came to you, if we had experience of people coming through the NSA who were fabulous, then I think after a couple of years or so it would make a huge impact on their credentials on their CV. But obviously immediately everybody will be a little bit wary I think because they'd just want to test it a bit first.'

NSA employer member (Round 2)

While a significant minority of around one-fifth to one-quarter of employers do not have enough knowledge of their NSA to make a judgement, the survey found that around half (52 per cent) agreed that all other things being equal, they would choose to employ someone who had been through NSA provision over someone who has not. A similar proportion (53 per cent) agreed that learners on NSA courses gain a better understanding of the skills needed for employment in the sector than those not undertaking NSA courses.

Figure 2.2: Employers' assessment of NSA accredited/endorsed provision



Base: All who know something about NSAs (918)

Source: Ipsos MORI

Further qualitative research in the second year of the evaluation did find evidence to suggest that some employers in certain sectors favour NSA learners from NSA-endorsed programmes. For example a major national retailer working with the Retail NSA makes a preference for new applicants who have undergone NSA approved pre-employment training in retail skills:

'If you successfully work through the pre-employment route, we will fast track you into the assessment. That's massive because if I could take (location of new store) as a good example, 10,000 people wanting to go for those jobs, and what we did is we said we'll guarantee that there will be 250 places available and we will fast track them into an assessment. Yes, so that's the kind of support we would give.'

Retail employer

The NSA for Hospitality was working with a pilot group of employers who had agreed to guarantee an interview to high-achieving candidates who had completed professional chef qualifications with NSA-accredited providers:

'We've got a pilot group out of 10 employers, they were the first 10 we're working with, who have said, actually yes, we will guarantee an interview for any student from those colleges that have done that course that get a merit or distinction. So then the colleges can tell prospective students, not only are you going to the best schools because here's the proof, but actually when you finish, these people want to employ you.'

NSA stakeholder, Hospitality

2.5.2 Take-up of skills passports

Several NSAs have been involved in the development of skills passports which aim to provide employees with a transferable record of their qualifications and experience, and which can be easily assessed by future employers. Some of the employers interviewed fully supported skills passports, the main perceived benefit being that it would help them to improve recruitment. However, others questioned the extent to which skills passports were actually appropriate or needed by their sector.

2.5.3 Brokerage

One area where evidence of meeting employer needs emerged more strongly during the second year of the evaluation was through employer brokerage. This was viewed as a particular strength by stakeholders in some of the Round 2 and Round 3 NSAs:

'They are meeting employer needs by always being available, they can be contacted at any time and send us up-to-date information... they consult us, and nothing is too much trouble.'

NSA stakeholder, employer (Round 3)

The NSA for Manufacturing had adapted its business model as part of its merger with SEMTA and was now taking up a stronger brokerage role which was positively welcomed by stakeholders:

'What they're trying to do now is to get out there and meet employers in the workplace and look at the business, try and understand where the business is, what it needs to move forward and survive, and finding an appropriate provider to help do that. The idea of them now being, if you like, an honest broker where they should have been years ago.'

NSA stakeholder, provider, Manufacturing

2.5.4 Responsiveness to employer needs

There were specific examples where NSAs had **developed new provision** in partnership with providers and employers, in direct response to employer needs (see Chapter 3 for a fuller discussion). Other examples include:

- In partnership with an employer, the NSA for Financial Services developed a new Level 3 course accredited by the Institute for Leadership and Management (ILM) specifically for managers in the financial services sector. The qualification was tailored to meet the needs of the industry as it incorporated a module on Treating Customers Fairly (TCF) which met regulatory standards. This is currently being delivered successfully to SMEs in London under a mix of full cost recovery and ESF funding agreement between the NSA for Financial Services and the LSC. At the time of writing this report, a Level 5 progression programme was in the final stages of development.
- In response to the economic downturn, the NSA for Manufacturing developed a ‘recession toolkit’ for employers, which was perceived as both timely and effective. The toolkit had two elements: managing finance and improving efficiency, based on Business Improvement Techniques, and marketing and selling in order to grow the business in a recovery. Take-up of the toolkit had been stronger than expected and the NSA reported that employer feedback about it was very positive.

These two examples share a common foundation in that their development was based on consultation with employers which identified an unmet need, grounded in the principles of existing provision which was then tailored to the specific needs of the sector, and brought to the market quickly so that the need was addressed in a timely manner.

There was also strong evidence that NSAs were encouraging employers and providers to think about **delivering training in more flexible ways**, for instance by forming employer groups to collaborate on training and by promoting shared Apprenticeship schemes (for example, in the Construction, Nuclear, and the Creative and Cultural sectors). This was particularly effective in meeting the needs of SMEs, who could not afford to take on an apprentice on their own.

The NSA for Construction had promoted shared Apprenticeships for SMEs who could not afford to take on a full-time apprentice:

‘They have encouraged shared Apprenticeships... if you have five firms who can’t afford to take on an apprentice but they could get work for one for three months, then the idea is somebody would ‘own’ the apprentice and claim the grants for them and pay their wages, but second the apprentice to other firms. It is good for the apprentice because they get a real variety of experience, and it means the employer isn’t having all the overheads and everything else to bear.’

NSA stakeholder, employer, Construction (Round 1)

The NSA for Creative and Cultural Industries had taken this a step further by themselves becoming a recognised Apprenticeship Training Company, centrally employing the apprentices and then placing them in a series of different employers to gain the skills and

experience necessary to complete their qualifications.

2.6 What added value do employers get from involvement with their National Skills Academy?

Based on the qualitative research with employers, stakeholders and NSAs themselves, the following emerged as key areas of added value⁵ for employers:

- **Increased quality of outputs and productivity.** For example one construction employer who had used NSA safety training felt that the quality of this had helped them to secure a good safety record, which was a major factor in winning a new five-year contract:

'I think through the mechanism (NSA-endorsed provision) we might be seeing an improvement in quality. But also when you talk about quality, quality could just be the fact that people turn up on time... so the project gets delivered more effectively. Because I think what it does is enhance people's self esteem and it's also brought people together, teamwork, more co-operation between trades. So there's a quality enhancement to the product.'

NSA associate employer, Construction (Round 1)

- **Improvements in employee progression and retention.** Some NSAs had done their own case studies with employers to look at the business benefits of engagement: for example the Retail NSA reported that a major national retailer had piloted NSA retail skills training in some of its sites and found employee retention levels to be higher in these than in its other branches. As a result the training was now being extended into more sites. NSAs in a range of sectors were promoting courses in supervisory skills and leadership and management and employers welcomed this as a way to facilitate progression opportunities for staff and improve management skills, potentially raising business performance.
- **Improved opportunities for networking and sharing best practice.** This was particularly cited by employers in the Nuclear and Creative and Cultural sectors:

'There's an opportunity to share best practice between organisations who are involved with the NSA, whether it's new build or nuclear decommissioning. Also it gives us an opportunity to exchange ideas, when we get together it's quite usual that we're talking to

⁵ It is difficult to accurately measure the added value employers get from involvement with their NSA especially as most employers do not calculate this specifically in terms of Return on Investment. In addition, some of the benefits of engagement with the NSA relate to activities which will have longer-term rather than immediate impacts (for example upskilling the workforce through the development or expansion of Apprenticeships).

some of our competitors or even some of the companies we're in alliances with. So it's a good networking opportunity as well.'

NSA member employer, Nuclear (Round 2)

'Bringing organisations to work together and sharing skills... so that there is a much more open form of dialogue and communication between us.'

NSA member employer, Creative and Cultural (Round 2)

2.7 What is the added value of the National Skills Academies' brokerage role?

The key aspects of added value brought about by the NSAs' brokerage role were:

- **Apprenticeship development.** As discussed in Section 2.5.4, some NSAs had actively brokered additional Apprenticeships in their sector, through encouraging take-up by developing shared Apprenticeship schemes among employers (for example, Construction, Creative and Cultural), developing new Apprenticeship frameworks where none had previously existed (for example, Financial Services, Creative and Cultural), or expanding Apprenticeships more widely within the sector (for example, Sport and Active Leisure).

The NSA for Nuclear has used funding from the Nuclear Decommissioning Authority to fund Apprenticeships over two years in organisations that would not otherwise have taken on any (or as many) apprentices. In order to benefit from the scheme, employers must be members of the NSA so this has the additional benefit of attracting new employer members, in particular SMEs.

The plan was to fund 75 Apprenticeships in 2008 and 2009 (37 or 38 in each year). Effective management of the scheme has meant that the funding has been 'stretched' to provide more than the expected number of Apprenticeships – the total is likely to be 100 or more.

The scheme is viewed as having succeeded because it is relevant to employer needs, and grounded in good initial engagement and background research. Other key points for making it work are (a) keeping it simple, (b) guaranteed funding all the way through, (c) flexible modular delivery of training and (d) good quality providers.

- **Advice on and sourcing of funding for training.** Employers in the Food and Drink Manufacturing and Financial Services sectors in particular were positive about the support and expertise they had received from their NSAs regarding funding and content development for new qualifications:

'Simply by providing and helping us with finding through the maze of what you need to do and how it can be done and where the money can be found, and who can help and what requirements you have to meet whether those be in terms of the curriculum or approval of

qualifications, or discussing with providers how things can be set up down to funding, how much is funded by government, how much will companies have to contribute... understanding the system and how it all works.'

NSA employer associate, Financial Services (Round 1)

- **A wraparound service**, from training needs analysis to provider referral, or delivery of bespoke training programmes. This type of service was developing in several NSAs, including Manufacturing (Round 1), Sport and Active Leisure (Round 3) and Retail (Round 3).

'The NSA for Manufacturing team has done a fantastic amount of work for us in terms of helping us with looking at training providers, making sure that the right partnerships are in place, relationship managing and ... making sure that we are partnered with the right people and they're managed appropriately.'

NSA employer, member, Manufacturing (Round 1)

2.8 Have National Skills Academies brought in new employer investment in skills?

NSAs need to be responsive to differing employer and sector needs and therefore employer investment models vary considerably across the NSA network. One way to assess whether NSAs have brought in new employer investment in skills (as opposed to investment that would have been made anyway) is to look at the extent that NSAs have been successful in increasing (a) co-financing provision or (b) full-cost provision, focusing on the four Round 1 NSAs which have reached the end of their development period (see Table 2.1). On this assessment there is a wide variation between NSAs in the additionality of the skills investment they have been able to lever in from employers (indicated by learner numbers in full-cost provision).

Table 2.1: Learner Volumes, Round 1 NSAs

	Learner volumes, full-cost provision	Learner volumes, publicly funded provision
NSA for Manufacturing	271	7,917
NSA for Food and Drink Manufacturing	24,000	8,000
NSA for Construction	7,108	6,577
NSA for Financial Services	45,220	7,562

Source: NSA 3-Year Development Reviews

To a large extent this depends on the nature of the qualifications being developed and promoted by the NSA in response to varying sector needs, as well as how these are delivered. For example, one of the key components of the NSA for Manufacturing offer was Level 2 and Level 3 NVQs in Business Improvement Techniques, delivered via their

network of accredited FE providers. In contrast the NSA for Financial Services offers a more diverse range of qualifications including bespoke professional qualifications, leadership and management, and financial capability courses which do not attract the same level of public funding.

Another way to look at the additionality of employer investment is to explore where new courses have been created and how these are funded. This suggests that while NSAs have brought about new employer investment in skills predominantly in Apprenticeships and Foundation Degrees where none existed previously, it is mainly co-financed provision with funding coming from the Skills Funding Agency or other sources such as Regional Development Agencies and the European Social Fund.

Cuts in funding for publicly funded provision had meant that some programmes which had successfully been filling gaps and addressing skill needs were being scaled back. For example, the NSA for Financial Services had developed a new Financial Services Apprenticeship framework for adults (aged 19+) where none existed previously. This had proved extremely popular with employers and learners in the sector, growing from a zero base in 2006 07 to over 1,000 learners in 2008 09, with 250 companies involved (including 160 SMEs). However, funding cuts to adult Apprenticeships in 2009 10 meant that the programme had to be significantly reduced.

For this reason some NSAs are actively prioritising full cost provision. For example the NSA for Retail is prioritising its bespoke Customer Service and selling short courses and Master class programmes rather than pushing qualifications like NVQs which are subject to funding constraints with the reduction of the Train to Gain budget.

3 Influencing Provision

This chapter is based on information gained from interviews undertaken in the second round of stakeholder engagement research (including interviews with providers) and interviews for the case studies. Contact details for interviewees were mostly provided by the NSAs themselves and as such, the interviewees cannot be viewed as being either a random sample or necessarily representative of provider views across the sector.

3.1 Chapter summary

- Providers are involved with NSAs in a number of ways: as an approved provider; as a ‘Champions’ or Lead Provider for the sector or by playing a more strategic role through membership of Regional Advisory Panels, Committees or Regional Organisational Groups; or even the NSA Board.
- Many providers had made extensive in-kind contributions to the NSA including staff time, use of premises, and intellectual property in the form of course materials which they had developed. Most NSAs charge providers a membership fee in return for a range of potential benefits. The membership fee ranged from around £2,000 to £20,000 per year across different NSAs.
- There was extensive evidence of NSAs filling gaps in provision either directly or by facilitating providers to work with employers to develop new courses.
- There was also evidence of NSAs promoting new methods of delivery, encouraging providers to be more responsive to employers’ needs and facilitating the sharing of good practice between providers.
- Providers are generally committed to the NSA ‘brand’ and support their academy’s aims. The main benefits from a provider’s perspective appear to arise from:
 - the ‘kudos’ of being part of a branded National Skills Academy network
 - wider networking opportunities
 - enhanced opportunities for staff development
 - additional business leads leading to new work.

3.2 Provider engagement with National Skills Academies

A range of training providers were interviewed during the course of the stakeholder interviews and the case studies. They were involved with NSAs in a variety of ways:

- At a minimum, some had sought and gained accreditation as an **approved provider**.
- In addition, some acted as **‘Champions’ or Lead Providers** for the sector.

- A few played a **more strategic role** within their National Skills Academy through membership of Regional Advisory Panels, Committees or Regional Organisational Groups; beyond that a few sat on the Board of their NSA (although only a few NSAs (such as Creative and Cultural and Financial Services) have provider representation at this level).

These differences meant that they were able to offer a range of perspectives on the work of the NSA including their experience of networking with other providers through the NSA, the approval/accreditation process and the value they have gained from their engagement with the NSA.

3.2.1 Do providers understand the National Skills Academy offer?

Most providers had a good understanding of the strategic objectives of the NSAs they were working with and there was a good degree of fit between the NSA's objectives and those of their own organisation or department. For example, there was particular enthusiasm for the NSA within the Retail sector. Here, the main benefit appeared to arise from the way in which the NSA was helping to raise the credibility and status of the sector:

'It really is fantastic because people are now linking qualifications with the retail industry because at one point, they never did.'

Retail provider

However, as with employers, in some sectors there was uncertainty about the boundary between the roles of the SSC and the NSA:

'I am confused by the two roles of Improve and the NSA; they are like a left and right hand doing different things.'

Food and Drink Manufacturing provider

'There is some confusion for me, between the roles of Skills Active and of the NSA. I understand that the NSA aims to understand the skills needs of employers and facilitate the meeting of those needs through providers. However, this is what Skills Active do. I do not see the difference. This is an issue in the sector, where employers do not understand the difference.'

Sport provider

3.2.2 Are National Skills Academies filling gaps in provision?

There was extensive evidence of NSAs filling gaps in provision either directly or by facilitating providers to work with employers to develop new courses. Providers reported that NSAs had identified what employers needed, provided a way for the industry to articulate those needs, and worked with them to develop appropriate provision. Sometimes this was through the development of completely new courses and in other cases, it was more about expanding provider capacity to deliver existing courses and/or expanding employer demand for those courses. The expansion of NVQs in Business Improvement Techniques is an example of this, promoted by both the Manufacturing and Process NSAs.

One of the retail providers pointed to a wide range of new training programmes which being involved with the NSA had enabled them to introduce. These programmes ranged from pre-employment training, through Continuing Professional Development (CPD) to 'master classes' aimed at small and independent retailers. Another innovation was the packaging up of a series of short courses to offer an integrated course covering the basic legal and regulatory qualifications required:

'The Licence to Operate is pulling together a number of compliance and regulatory needs that packs them together ... pulling together everything in a package, in two or three days of a business school approach means that people can come and see the linkages between the various regulatory and compliance requirements'

Retail provider

Other examples include:

'The NSA for Manufacturing came on board with partial funding to develop and deliver an Essential Skills for Problem-Solving course/programme.'

Manufacturing provider

'A new programme [we are offering] is the NEBOSH [National Examination Board in Occupational Safety and Health] one. We are piloting this on behalf of the National Skills Academy and Cogent.'

Process Industries provider

'I think one of the key developments has certainly been the Creative Apprenticeship pathways, and I think that has been a huge benefit, because those were not there in the industry in any shape or form before; nothing that had been tailored for this particular industry.'

Creative and Cultural provider

'The NSA is also developing a food engineering qualification, to reflect changing skills in the workforce.'

Food and Drink Manufacturing provider

3.2.3 Innovative methods of delivery?

Another of the aims of the NSA network is to promote new methods of delivery. The evaluation did find pockets of innovation in delivery, mainly around the development or expansion of e-learning programmes, obviating the need for lengthy attendance at courses.

'We've done something on an Open University distance training Foundation Degree which has been quite innovative and again this leadership program, which is based on an online [format] and so on, that's good stuff too.'

Food and Drink Manufacturing provider

'I think they're very strong on distance learning. They see technology as a key route for training and development, and I think that their website is a particularly good example of that.'

Creative and Cultural provider

Although it is not particularly innovative, there was also evidence that the provision of Higher Education (HE) in Further Education (FE) was expanding as some NSAs had developed partnership agreements between universities and their member colleges to deliver new Foundation Degrees.

3.2.4 To what extent are National Skills Academies encouraging provider responsiveness?

There was evidence that some of the providers engaged with NSAs were becoming more flexible about the way they delivered training and adapting their programme to the times and locations where learners were available. For example one employer from the nuclear sector said that:

'The training providers are much more prepared to offer bespoke training than before – it's now the norm, whereas previously they just provided the training it was convenient for them to provide.'

Nuclear employer

One of the Food and Drink Manufacturing employers felt that the provider with whom they had worked previously had become more engaged with the industry since the inauguration of the NSA.

'This organisation did have a relationship with the college prior to Project Eden, as they have delivered other programmes for us. They have proved to be mature, flexible and we now have a better relationship with them because of Project Eden. The provider had become disconnected from the modern dairy industry, they had gone off-track, but they have worked hard to meet employer needs.'

Food and Drink Manufacturing employer

Other examples of increased responsiveness were found in interviews with employers and providers in the Construction and Creative and Cultural sectors.

However there was evidence that not all providers were as flexible in their patterns of delivery as employers wanted, in particular some FE colleges. One employer pointed to the more flexible patterns of provision currently available from other, primarily private

sector, provider organisations that offer short courses that fit in with working patterns in the sector, in contrast to the more rigid requirements of some FE colleges:

'People like [names of private training providers] are providing short-term courses, where you can send a person for [a] week ... you can schedule that in the summer and just give them the release whereas the college might say, we need the person every Tuesday during term time because that's when we run our courses. You just can't release that person so there's got to be a greater dialogue and understanding with the FE colleges about the patterns of operation that we work.'

Creative and Cultural employer

3.2.5 Are National Skills Academies sharing good practice between providers?

NSAs aim to spread good practice among training providers throughout their sector. In the Year 1 report, the stakeholders interviewed felt it was too early to say whether good practice was being shared effectively or on a widespread basis. In this round of the evaluation we found mixed evidence, both across NSAs and among different providers working with the same NSA.

Most providers were pleased to have the opportunity through their association with the NSA, in some cases through NSA websites (e.g. Creative and Cultural), to network with other providers and share knowledge, information, and ideas. Some were very positive about the opportunities for sharing good practice and networking which that association with their NSA had brought them:

'It's reinforced our partnership with higher education and further education partners, so it's meant that we've actually got better at delivering things like key skills, functional skills. I wouldn't say that's directly to do with the NSA, but I think they've helped build that partnership, and helped make it stronger. They didn't make it, but they've reinforced it maybe.'

Sport and Active Leisure provider

'The main achievement for me, and the positive [point] for me is I now work very closely with all the other providers in [this region]. Because I chair the meetings I get to meet them. I've got some really good partnership arrangements with them. We're very open with each other and we share a lot of good things, so for me personally that's a good achievement.'

Manufacturing provider

However another provider from the same sector expressed disappointment at the lack of opportunities to exchange good practice and (a few) others were concerned that they would lose what they saw as their competitive advantage if they shared too much information with other providers in their sector.

'What you are actually doing is those people that are the other members, are also your competitors. In the real world, not just private providers, colleges are very competitive. And we've got members that we have assisted and given information to, that we've then found out they've approached a company that we're already working with... so how do we support the role of sharing best practice alongside keeping that cheaper competitive edge.'

Manufacturing provider

3.3 What added value do providers get from involvement with National Skills Academies?

Many of the providers interviewed indicated that they had signed up to the NSA out of a belief in the need for, and value of, such an organisation, although they also anticipated gaining some instrumental value from signing up. Some thought that the NSA **branding** would become a quality kitemark. More directly, they anticipated gaining **additional business** from new/additional client companies and increased learner numbers and/or through the NSAs bringing in more 'leads' (referrals) for training provision required by potential new clients. Providers also thought they would gain assistance from the NSA in finding and **accessing funding**. Furthermore some felt there would be benefits arising out of the increased **networking** opportunities.

3.3.1 Branding

Many training providers said that they were pleased to be accredited by an NSA because it gave them a 'quality kitemark' which would make their training offer more attractive to employers. Being associated with the NSA brand was also mentioned as instrumental in winning additional contracts from the LSC/Skills Funding Agency and other funding bodies. Generally, providers across the spectrum of NSAs tended to mention the 'kudos' of being involved and having the NSA badge of approval.

Some providers were concerned that this branding differential would be diluted if the NSA recruited large numbers of new providers.

'You're going for that status to show that you've got that quality mark...we would like to consider we've got the quality mark; we're more sought after by employers wanting to use us because of that. If everyone has got it then you've lost the benefit of having the mark.'

Food and Drink Manufacturing provider

3.3.2 Business leads and referrals

One of the benefits that NSAs feel they offer training providers is access to a greater number of learners. Although NSAs were generally confident that they had been able to generate significant referrals, the evaluation found mixed evidence from providers of them getting new work through the NSAs. There was little clear pattern to this with providers offering different experiences of working with the same NSAs.

For example, one nationwide provider working with the NSA for Process Industries described the extra volume of business they had gained through NSA referrals:

'The amount of leads we get sent in to be delivered is just astounding. We wouldn't have met them at all without the NSA, no. They're quality leads as well. They're not companies who are going to go out of business or who are in real trouble. We're doing a lot more business.'

Process industries provider

Another provider in the nuclear sector indicated that NSA endorsement had put them in a position to secure additional income:

'That lead wouldn't naturally have come to this college if it wasn't for the intervention of the National Skills Academy for Nuclear. Right time, right place, but nevertheless, the NSA had done the background work and put us in the frame as an approved provider of their network. And subsequently, we met with the company on numerous occasions, and they've decided to use us as their provider of choice, so that could be around about £90,000 worth of funding that the academy have helped us secure.'

Nuclear provider

As a final example, a local FE college delivering professional chef qualifications reported that involvement with the Hospitality NSA had brought about an additional £40,000 worth of business to the college.

The nuclear sector is the one sector for which, across the board, there were fairly unambiguous endorsements of the NSA's ability to give value-for-money. The fee for joining had been but a small proportion of the money that had been brought in through the NSA for Nuclear's provision of an Apprenticeship programme. One of the providers who pointed to this said:

'It's good value for money, given the fact that for an advanced design apprentice that we would get from the Nuclear Skills Academy, 10 of them, like last year, roughly broke down, about £16,000 per head; you're looking at £160K for over the four-year Apprenticeship programme, so you have paid about £3K or something like that; so it's good business.'

Nuclear provider

Although some providers had not received any (appropriate) referrals from their NSA, they remained generally satisfied with NSA membership and its value-for-money, as long as they continued to reap wider benefits and the membership fee was reasonably small (for example a couple of thousand pounds).

In all sectors (with the exception of nuclear) there were examples of some providers who had not yet received any additional business from their association with the NSA. This was attributable to three main factors:

- the NSA had not made any referrals

'So far they have brought us no new work. But it is starting to happen now. In all of the years that we've worked with them I can't recall a single piece of work that they have ever brought our way from an employer, and we've been nominally the lead provider in [this area] for however many years it has been in existence.'

Manufacturing provider

'The benefits of being a member of the centre haven't been realised, because... I think one of the questions we asked them at the beginning, is, would they drive business towards us? And they said, yes. But I've never seen that happen.'

Sport and Active Leisure provider

- the NSA had made referrals which were not appropriate for various reasons such as a mismatch between the location of the provider and the employer, or the type of training that the employer required did not match the type of training that the provider offered.
- the NSA had made referrals but the provider was not responsive enough to be able to deliver the required training.

Where providers were unhappy with the amount of new business they had been able to access this was generally because they had paid a more substantial membership fee, they were not receiving or did not value any other benefits of engagement with the NSA (such as networking), or their expectations of the number of referrals they would receive had been overly high. This suggests that some NSAs need to think more strategically about the pricing of their membership offer to providers and what they will offer in return in terms of value for money.

3.3.3 Access to funding

Another area in which providers had anticipated gaining assistance from the NSAs was in locating and accessing funding for training programmes. This could be funding that either came directly to the provider (to fund specified programmes) or via the employers (and hence indirectly to the provider) to allow the employer to fund the training they required. Examples included working with NSAs to encourage large employers to co-fund training through Train to Gain and access regional funds through Regional Development Agencies (RDAs).

Additional business was often linked to NSAs bidding for specific funds to increase the level of training within their sector, from sources such as RDAs or the European Social Fund (ESF). This meant that it was often beneficial to providers in a particular part of the country rather than across the board.

'I think the other major [way] we've certainly got some benefit in the first couple of years is where the NSA have been tendering for various training activities and training packages with the regional development agencies. They have put some packages in as part of the tendering process and we've certainly benefited from some training packages through the Northwest RDA, and there is another one in the East of England. That was a tender that the NSA had put in and we got some work, some provision out of that as well.'

Food and Drink Manufacturing provider

3.3.4 Facilitating networking

Even if they had not received any, or much, additional business, a common benefit cited by providers across the spectrum of NSAs was improved networking.

'The NSA network and the hosting of events by the NSA means that there is now a network of food providers who know each other, which there was not prior to the NSA.'

Food and Drink Manufacturing provider

There was a similar message from the Creative and Cultural, Retail and Manufacturing sectors. The increased networking could lead to further benefits, as a provider may be able to refer work to other network members to which they themselves (the referring provider) are unable to respond.

The increased networking can also mean that a national offer can be made to national employers, which would be impossible for any single small provider to achieve on its own. An example of this is through the NSA for Financial Services, where a regional provider first developed contacts with a major national employer to deliver Apprenticeships in one part of the country. This relationship was then expanded through the NSA provider network to deliver Apprenticeships in three other centres.

3.3.5 Enhanced staff development

Finally a wider benefit from NSA involvement was in the form of enhanced staff development and access to more opportunities for CPD for staff. This was cited across the board of NSAs covered by this study, with many examples offered by providers. In some cases this was felt to lead indirectly to increases in the quality of the training provision offered to employers, through ensuring that staff were kept up to date with the latest industry knowledge.

'The other thing that's been quite good: they've also offered us quite a lot of opportunities for developing staff, training courses for staff; so where there have been places available they've offered us free places and additional places and so on. So, yes, it's not just about recruiting staff and upping the level of skilled employees in the industry; it's about also helping the training providers keep their staff up to expertise in the technical knowledge.'

Nuclear provider

Some providers, in particular in the Food and Drink Manufacturing, Manufacturing and Process sectors, cited that their NSA had been instrumental in driving up the level of accreditation among their trainers and assessors. There was debate about the additionality

of this in a sector which is already moving towards greater professionalisation, but even where providers said they would probably have done this anyway they felt that the role of the NSA had provided extra impetus to the process:

'One of the things again that they were encouraging was for assessors and trainers to have Preparing for Teaching in the Lifelong Learning Sector (PTLLS), which is the early stages of a formal teaching qualification. So they were very keen on encouraging members to go along those lines as well as Recognised In-Training Accreditation (RITA). Now, whether we would have done that because of what the academy has suggested, or whether we would have done that separate to the academy, is debatable. But we've certainly put all of our staff through the PTLLS qualification and they're just completing the RITA one as well.'

Food and Drink Manufacturing provider

4 Progress and Impact

This chapter draws on evidence from NSA stakeholders, employers, and NSAs themselves in order to explore views on the progress made by NSAs since their inception, and identify whether and how NSAs have impacted on training delivery and skills supply in their respective sectors.

4.1 Chapter summary

- Stakeholders thought that some NSAs had been able to make faster progress than others in building partnerships between employers and providers, improving provision and building brand recognition. There was concern that some NSAs were either too narrowly focused or found it more difficult than expected to meet their ambitions.
- NSAs varied in their ability to lever in funding from employers and in some cases this has fallen short of expectations, mainly due to the pressures of the recession. NSAs have been most successful in generating new employer investment in Apprenticeships and Foundation Degrees where none existed previously.
- NSAs have tried to improve the quality of skills supply to their sectors by:
 - Training for new entrants e.g. through: recruiting and training of apprentices, developing new Foundation Degrees or other graduate level training; increasing diversity; and, working with young people aged 14-16.
 - Upskilling for existing staff by: developing skills passports; developing progression routes such as leadership and management courses and Continuing Professional Development (CPD) frameworks; promoting of specific qualifications such as Business Improvement Techniques.

4.2 Assessment of progress

In the second year of the evaluation NSA stakeholders were much more willing to comment about progress against NSA objectives, especially those from the Round 1 NSAs which were coming to the end of their three-year set-up funding. In Year 1, most stakeholders had understandably felt that it was too early to comment on the impact made by their NSA.

The NSAs most consistently identified by their stakeholders as having made good progress against their objectives since their inception were those for Construction, Financial Services and Food and Drink Manufacturing (Round 1); Nuclear and Creative and Cultural Industries (Round 2); and Retail (Round 3). Across these NSAs, the common factors which underpinned perceptions of good progress were:

- **Successfully facilitating partnerships between employers and providers.** In addition to the discussion on this in Chapter 2, one of the best and quickest ways to build employer and provider partnerships was to use a local, site-based approach to delivery. For example, the NSAs for Construction and Retail had adopted site-based delivery models. The NSA for Construction (Round 1) had achieved its target number of sites and the NSA for Retail (Round 3) was making good progress in terms of expanding the number of sites against target. Not all sectors lend themselves to this type of approach, but in those where it is appropriate it was working quickly and well.

The NSA for Construction operates on a project based approach, with construction project sites applying to become ‘members’ of the NSA rather than individual employers or training providers. Each project has in the region of 200 employers including major contractors and subcontractors, through the supply chain. Each has a dedicated Employment and Skills Plan and a Project Skills Coordinator, funded by the NSA, whose role is to facilitate the required provision. Particular benefits of this approach is that it brings demand led, bespoke training to each project and pushes training down the supply chain to small sub contractors who cannot usually access site based provision.

- **Creation of new qualifications or courses which were meeting industry needs and filling a skills gap.** This has been discussed in more detail in Chapters 2 and 3 of this report. Examples can be found across various NSAs including Food and Drink Manufacturing, Financial Services, Nuclear and Creative and Cultural Industries.
- **Achievement of strong brand recognition/profile within the industry.** Stakeholders perceived it to be particularly important that the NSA was viewed as one of the industry leaders on skills issues. In this regard, stakeholders from the Retail and Creative and Cultural sectors were particularly impressed by the quick progress made by their NSAs.

Stakeholders in the other sectors generally felt that the progress of their NSA was either variable (i.e. it had made good progress in some aspects but not in others) or too slow. The key elements underpinning perceptions of variable or slow progress were:

- **Lacking a balance of employer and provider support.** Where progress was regarded as slow (either overall, or on specific activities), one of the key reasons was that there was not enough balance of support from employers and providers. So, either there was too much focus on employers, to the detriment of the provider ‘offer’, or too much focus on what providers could do, without sufficient acknowledgement of what employers want.
- **Either having too narrow a focus or trying to ‘do’ too many things at once.** Some NSAs and their stakeholders considered themselves to have made slow progress because they were too narrowly focused. Therefore, while the NSA may have made good progress on specific projects, overall it did not have a comprehensive enough suite of products or services to appeal to the wider sector and bring in sufficient financial support.

'The focus really for the first three years of the Academy looked very much at the areas of lean manufacturing but also leadership management. And from that point of view, there was certainly a criticism that perhaps we were a little bit too narrow.'

NSA for manufacturing representative

On the other hand some NSAs reflected they had initially tried to do too much, too quickly and therefore had made limited progress because they did not yet have a critical mass of employer or provider support behind them. As a result, some NSAs were becoming more focused on their core activities and how to go about delivering these as a priority:

'The evolution in our strategy is that it is more focused in some areas... when we started it was a desire to be as broad as possible and reality has come in and although we will need to deal with everybody, we need to be very clear about how we deal with everybody... So it's a mix of being very focused about our employers and how to engage with them, very focused with our products and knowing there are certain areas which we are not going to cover – we might in the future, but right now we need to be focused.'

Sport and Active Leisure NSA representative

- **Lack of coverage in some regions.** Stakeholders were divided on whether it was important to have a good coverage in all regions: some felt that if their NSA had a stronger presence in certain regions, this was justifiable in proportion to the strength of the sector there. For the most part however, where this was raised as an issue it was because stakeholders identified it as a weakness that needed to be addressed.
- **Over-promising and under-delivering on particular activities.** Some NSAs found it difficult to deliver all the elements of their original business plan and this was linked with under-estimating the time it would take to build up employer and provider engagement. Sometimes, what appeared to be meeting employer needs early in the life of the NSA was no longer in such demand by the time the product or service had been fully developed and launched (such as skills passports in some sectors). In some cases it was also linked with the NSA trying to spread itself too thinly over a range of different activities.

4.3 National Skills Academies' impact on training delivery

4.3.1 What added value do National Skills Academies offer over and above the usual provision?

Some of the issues relating to the impact NSAs have made on training provision have already been raised in Chapter 3. Compared with Year 1 of the evaluation, there was less acceptance among Round 1 and Round 2 stakeholders of it being 'too early to tell'. The key elements where NSAs had made an impact on training delivery and introduced added value over and above what existed previously were:

- **Filling provision gaps where none existed before.** Specific examples of filling gaps in provision are identified in Chapters 2 and 3. In filling provision gaps, NSAs could take on the role of developer, facilitator, or direct delivery depending on the nature of

the qualification involved, the mode of delivery, and the extent to which new course development had already been underway before the NSA became involved. Some NSAs had fulfilled all of these roles to a greater or lesser extent, across a range of different qualifications.

The NSA for Food and Drink Manufacturing was described as being a facilitator to the creation of a new Foundation Degree in the dairy industry and a professional bakery qualification.

The NSA for Financial Services had co-developed an ILM-approved Level 3 and subsequently Level 5 Certificates in Financial Services, facilitated the creation of a new Financial Services Foundation Degree with the Open University, and was also involved in direct delivery of training courses via e-learning.

One point to raise here relates to the additionality of NSA involvement. For example, some of the new provision which NSAs had helped to facilitate was already under development by employers and/or learning providers and these reported that the course would have gone ahead without the NSA's involvement. Therefore, the NSA in itself had not filled a provision gap directly. The added value the NSA had brought was a greater sense of momentum through providing project management, facilitating better partnership working, and subsequently being able to roll out the provision to a wider market than would have otherwise been the case.

'The NSA had a big input into the steering group, they managed the timescales and they host the meetings. Although the project would probably have happened without them, it would have taken much longer, they provide a focus to the group.'

NSA provider, Food and Drink Manufacturing

- **Increased employer-responsiveness.** This related to both the content and the delivery of provision. In terms of content, new courses had been developed which were specifically tailored to the needs of certain sectors – for example the recession toolkit package introduced by the NSA for Manufacturing.

There was less widespread evidence that NSAs were making a difference to how courses were being delivered. One exception was the NSA for Construction with its emphasis on site-based training. There were also some examples where e-learning platforms had been used to deliver new courses (discussed in more detail in Chapter 3), for example by the NSAs for Food and Drink Manufacturing, Financial Services, and Process Industries. A key point was that these NSAs generally found that too much time had been spent on developing their own bespoke e-learning platforms when buying ones off the shelf would have been more time and cost-effective.

- **Pushing quality issues higher up the employer agenda.** Again the effect that NSAs have had on the quality of training provision is discussed in more depth in Chapter 3. Focusing on the additional value that NSAs have brought, there is stronger evidence that their role has been to highlight quality issues and communicate them more clearly to employers, rather than to drive up quality directly – although there are some

examples of NSAs which are doing this, for example by sharing good practice among providers and setting NSA-accreditation levels which go beyond existing standards such as Training Quality Standards (TQS). However, it is difficult to isolate the additionality of the role played by NSAs in a landscape where the quality agenda is already being pushed by other agencies such as the Skills Funding Agency and where providers have their own internal business drivers to increase quality in order to maintain their share of the training market.

4.4 Is there evidence of employers' satisfaction with both the quality and delivery of National Skills Academy-endorsed or developed training provision?

Employers who had used NSA-endorsed or developed provision were positive about its quality and delivery. In the employer survey, 68 per cent of employers who had used NSA provision said they were very or fairly satisfied with it, and 74 per cent said they would recommend involvement with the NSA to other employers. The key reasons put forward for why employers had chosen NSA-accredited courses were that they were seen as more relevant to the industry sector (mentioned by 41 per cent of those using NSA provision); they were better quality by nature of being NSA-accredited (14 per cent); and there was scope to tailor the content to meet business needs (11 per cent). Being able to access funding for the course was also cited by 15 per cent. However, employers had mixed views on the additional quality of these courses compared with other provision. It should be borne in mind that the number of employers able to comment was small, and for the same reason it is not possible to disaggregate these results by NSA.

The employer qualitative research supported the survey findings. In the following examples, employer satisfaction was related to the accessibility of site-based training and assessment, and the additional funding available to take on apprentices. Satisfaction is also reflected in the extent of take-up of NSA-endorsed or developed provision.

'We are a small company, all my guys are self-employed, so we are not continuously here. Some guys are coming, some guys are leaving, so when I have someone new, I need to again put them through things like self-assessment, NVQs, again and again. It's good for us to have them here and they have been very helpful... Everyone is very happy that without going anywhere else, without losing their (working) day, they can do their course and the assessment.'

Construction employer, Project-based Approach

'We took on two design apprentices – both school leavers – which we would not have done so soon (we probably would have waited a year or two before doing so), and I have been very impressed with the quality of their work. The funding made these extra apprentices feasible and we would not have taken anyone on without it. But I have been impressed at the quality of the applicants and how quickly they were able to make a contribution, and now I would recommend taking on more in the future, even if funding was not available. It has also kicked the business into action in terms of thinking about future skills shortages.'

Nuclear employer, Community Apprenticeship Scheme

Some employers had selected the provision on factors such as location, recommendation from other employers, or past experience/history of working with that training provider, rather than specifically because it was NSA-endorsed.

'I don't really know who is underwriting the course, who is delivering the course, who's approving the course, where the money's coming from, so on and so forth. To be honest with you, I don't really care, to be blunt, all I'm worried about is as long as there's some kind of a course that I can send my staff on.'

Manufacturing employer

4.5 What is the National Skills Academies' impact on skills supply and what added value does their role provide?

4.5.1 Training for new entrants

The impact of the NSAs for new learners coming into the sector was mixed and varied more by NSA than by round of development. In some cases, such as work focusing on 14-16 year olds and apprentices, the full impact in terms of meeting skills gaps and enhancing the number and quality of new entrants to the sector was yet to filter through. Stakeholders and employers across the board felt that it would take several years before the impact of these types of programme could be assessed. However, there were positive indications of impact around the following:

- **Recruitment and training of apprentices.** This has already been discussed in Chapters 2 and 3, in terms of employer engagement and meeting gaps in provision. However the full impact of new Apprenticeship programmes in sectors such as Creative and Cultural industries is difficult to assess given that many of the apprentices have not yet completed their programmes.
- **New graduate level training.** Industry-relevant Foundation Degrees had been developed by the NSA for Food and Drink Manufacturing (in dairy technology); the NSA for Nuclear; and the NSA for Financial Services in order to fill specific skills gaps and broaden the entry and progression routes within the sector. Much of this provision delivers HE in FE settings using partnership agreements between universities and NSA-approved FE colleges.
- **Increasing diversity,** to broaden the pool of talent coming into the industry. For example, the NSA for Financial Services collects monitoring data on its apprentices which shows that the ethnic, age and gender profiles are significantly more diverse than that of the sector as a whole. The NSA for Construction's project-based approach aims to recruit apprentices from the local communities around its sites and NSA projects have specific targets on this. Around the Olympic sites, this has led to the recruitment of more ethnically diverse apprentices.
- **Working with young people aged 14-16,** through schools and colleges, to raise the sector profile and increase the pool of talent coming in to the industry.

The NSA for Hospitality operates a junior chef's academy programme for 14-16 year olds which has helped to attract new talent into the sector and raise its image among learners and parents.

'Eight new providers are now involved in the junior chef academy and we find that progression from these into industry-relevant provision is running at around 60 per cent. It starts to change perceptions of the sector – including those of parents – so it has great potential.'

NSA stakeholder, Hospitality (Round 2)

The added value of this type of activity is as follows:

- **The creation of new industry-specific programmes.** NSAs have spearheaded the development of new Apprenticeship frameworks in several sectors where industry-relevant Apprenticeships had not previously existed, for example the NSAs for Financial Services and Creative and Cultural Industries. Apprenticeships have been welcomed by employers and learners in these sectors, as evidenced by the rapid expansion of the Financial Services Apprenticeship and the early success of the Creative Apprenticeships scheme.
- **Levering in new funding.** For example, the NSA for Sport and Active Leisure won additional funding to run an Apprenticeship Expansion Programme. At the time of writing this report (summer 2010) this had engaged 27 large national employers and 173 SMEs, supporting 421 learners⁶. However, government funding for this programme was cut after May 2010 and the NSA were negotiating about how they might continue it under a different model.
- **Bringing in a wider pool of employers who can take on an apprentice.** For example, the NSAs for Construction, Nuclear and Creative and Cultural Industries all operate variations of a shared Apprenticeship scheme whereby an apprentice can be taken on by employers who could not otherwise have afforded the time or expense involved in making a full-time commitment. This has particularly helped SMEs to take on more Apprenticeships.
- **Linking training for the unemployed (through pre-employment training or Future Jobs Fund work placements) with progression (e.g. to an Apprenticeship).** For example the NSA for Sport and Active Leisure spearheaded an industry-level bid for funding from the Future Jobs Fund (FJF) which brought in an additional £35m of funding into the sector. Every young person who took part in a work placement underwent a three-part training programme covering employability, generic and technical skills, with the aim of supporting them into employment and/or progression to an Apprenticeship. At the time of writing, the programme was very successful with 85

⁶ From data supplied by the NSA for Sport and Active Leisure, July 2010

employers participating (the majority of them SMEs) and over 1,100 young people undertaking work placements⁷.

The NSA for Creative and Cultural Industries also won FJF funding and succeeded in placing 116 people into work out of a target of 132⁸, before the project funding was cut. This NSA too was exploring how to facilitate progression into Apprenticeships for those who are eligible.

4.5.2 Upskilling for existing staff

The main elements that NSAs were delivering or endorsing to increase the skills of those already working within the sector revolved around:

- **Development and roll-out of skills passports.** As yet skills passports have had mixed take-up, and therefore impact, in the sectors which have developed them. Take-up is influenced by how essential it is for employees to have a passport (for example, this can be affected by whether there are regulatory or health and safety drivers, or if other similar licences to practise already exist within the sector); how tightly focused the sector is (and therefore how transferable the skills passport will be); cost; and the attitudes of employers and employees.

The skills passport scheme introduced by the NSA for Nuclear has been relatively successful. The scheme is a key part of their offer and the NSA is convinced that offering skills passports for employees as a free benefit of employer membership works well and has if anything increased the numbers obtaining the passports, which in turn has increased their credibility. The NSA had to put a lot of time and effort into getting skills passports security-approved. An important milestone for them was getting 'The Office for Civil Nuclear Security' approval. This has made the industry take note and given the skills passport credibility with the main employers. This in turn has given the NSA credibility which means that they are confident about their future. They planned to sign a Memorandum of Understanding with the Construction Industry Training Board (CITB) and possibly the Engineering Construction Industry Training Board (ECITB) which will mean that the Nuclear skills passport could include details of skills passports in other sectors, but in the more secure and verified Nuclear NSA format.

The Skills Passport scheme introduced by the NSA for Process Industries has not been as universal as was originally anticipated in the NSA's business plan, which has led to a need for diversifying income streams:

'It's the biggest difference to our original business plan... what we have done is we've developed the passports in different ways, and it's now starting to earn money for us, but by no means the same amount of money that we anticipated.'

NSA for Process Industries

The NSA for Sport and Active Leisure is still in the nascent stages of marketing the Skills Passport for their sector, and is concentrating on raising awareness of this among both

⁷ From data supplied by the NSA for Sport and Active Leisure, July 2010.

⁸ As reported by the NSA for Creative and Cultural Skills, July 2010.

employers and individuals. The NSA has developed a Skills Protocol with the four key trade associations in leisure operations, representing hundreds of employers in the sector. One of the points that are included in the Protocol is that every employee must have a Skills Passport.

'There is a real commitment by the sector to take on passports and to have them as a tool but there's also the misconceptions – employers think they are an HR tool which they are absolutely not... we have to raise awareness and promote uptake by individuals and ensure employer awareness and then it's a numbers game of trying to reach critical mass. It's still work in the medium term.'

NSA Sport and Active Leisure

- **Development of progression routes such as leadership and management courses and CPD frameworks.** For example the NSA for Nuclear has developed the Certificate of Nuclear Professionalism and the NSA for Financial Services has developed a Level 3 and subsequently a Level 5 Certificate in Leadership and Management which is specifically tailored to the needs of the sector.

The NSA for Nuclear is building links from the Foundation Degree programmes it has helped develop through to Chartership with the Nuclear Institute and is confident about future discussions with the Engineering Council institutions about Chartership processes. A key part of this is the development of the Certificate of Nuclear Professionalism which should be finalised by 2011 and is being developed in partnership with the Open University (OU) and Cranfield University. It evolved through consultation with the 58 employer members who identified higher level skills gaps. This will contain the nuclear industry specific professional skill requirements that can be added into the Chartership requirements of a range of professional bodies and institutions to make a recognisable industry specific high level qualification where none existed previously. Delivery will be modular – seven modules will be delivered by distance learning, traditional classroom courses and in company accredited courses.

- **Promotion of specific qualifications.** For example the NSA for Manufacturing has promoted the uptake of Level 2 and 3 NVQs in Business Improvement Techniques.
- **Development and delivery of short courses.** For example, the NSAs for Retail and Hospitality have both developed a suite of new short courses and Master class programmes which have been very successful in terms of take-up and are leading to new business.
- **Promoting the development of higher level skills through new Foundation Degrees and facilitating partnerships between HE and FE.** At Foundation Degree level, some NSAs such as Nuclear, Food and Drink Manufacturing and Financial Services have been influential in steering development and bringing together providers with employers to ensure there is business input into curriculum design.

The NSA for Financial Services has worked in partnership with the Open University to develop a new Foundation Degree in Financial Services. The NSA negotiated a delivery model whereby it was agreed that if appropriate staff were available, some of the course could be delivered in NSA member colleges.

'The NSA effectively assisted us in co-ordinating the development of a degree course. They assisted us with a person who would help and work with us to co-ordinate all the various bodies in terms of drawing up the course and pulling together all the requirements. So they did a lot of work facilitating and providing information on the availability of funding and development of the curriculum.'

NSA stakeholder, Financial Services (Round 1)

The NSA for Nuclear has found that the emphasis coming from employers has been on higher level skills rather than the NVQ Level 2 and 3 qualifications foreseen by the LSC when the NSA was first approved. In response they have developed a number of Foundation Degree qualifications as a result, including Nuclear Decommissioning, HVAC Energy Engineering, Nuclear Related Technology (Commissioning and Maintenance), and Nuclear Related Technology (Science Process). In practice many of the qualifications are deliberately generic. They are often based on existing Foundation Degrees with the addition of additional modules providing the nuclear-specific knowledge. In part this is designed to attract candidates by making the qualification more transferable to other sectors. Additionally, the use of existing qualifications had made the development process quicker and cheaper.

5 Sustainability

In this Chapter we explore the financial sustainability of NSAs, drawing on evidence from the Project Closure reports from the four Round 1 NSAs which have come to the end of their three-year Skills Funding Agency development funding; the views of NSAs and their stakeholders; and management information on the employer investment attracted by the Round 2 and 3 NSAs covered by this study, to date.

5.1 Chapter summary

- The Round 1 NSAs were awarded development funding for three years, which has now finished. The development funding for the Round 2 NSAs finishes over the coming year. All of the Round 1 NSAs continue to operate now that their SFA development funding has ceased, although some of them have faced challenges along the way. These have included:
 - the recession, which contributed towards lower than anticipated employer investment and lower than anticipated income from providers
 - additional time and cost taken to develop and market the NSA offer
 - a misplaced understanding among some Round 1 NSAs that the LSC would afford priority funding to NSA-endorsed provision.
- Some Round 1 NSAs have emerged from their three-year development funding period with changed business models and operational structures, involving:
 - absorption or closer links with the 'parent' SSC, which can lead to cost savings and a more cohesive approach to employer engagement
 - repositioning the NSA's business model to adapt to new circumstances by: broadening the range of products and services; introducing or changing the provider membership model; and diversification of funding streams.
- Based on Skills Funding Agency monitoring figures and discussions with the NSAs involved, most Round 2 NSAs report that they are either on track or close to being on track to moving into self-sustainability beyond their development funding.
- The factors critical to the financial sustainability of NSAs include:
 - keeping central costs low and lean
 - effective consultation and market research with employers to identify gaps in the market and timely development of products and services to fill these gaps
 - getting the provider offer right and facilitating employer-provider partnerships rather than relaying messages between the two; and

- diversification of funding streams rather than relying on a narrow base.

5.2 Becoming self-sustainable – how are Round 1 National Skills Academies faring, and why?

All the Round 1 NSAs reached the end of their three-year development funding at the end of 2009 and all of them are still in existence, although some have had to adopt closer links with their SSCs in order to reduce overheads and make better use of resources, and one (Financial Services) has become an independent organisation. All of them have been able to evolve their business plans to meet sectoral needs and adapt to new circumstances such as the dampening effect of the recession on employer investment in training.

Compared with the other Round 1 NSAs, the NSA for Construction followed a very different, site-based business model and operates in a different type of sector, with strong existing FE provision and Apprenticeship routes and a tradition of employers contributing collectively to fund training through the levy system. As part of the Construction Skills SSC, this NSA is able to count such contributions as part of its employer investment target.

The other Round 1 NSAs faced greater challenges to sustainability. In two of the four NSAs (Financial Services and Manufacturing) **employer contributions were lower than anticipated** in the Business Plans (in the case of Financial Services, the actual cash and in-kind employer contribution was around one-third of what had been envisaged). There were several reasons why employer contributions fell short of what was originally anticipated. Some original estimates of the amount that employers would contribute in sponsorship/donations were (in hindsight) simply deemed unrealistic by the NSAs concerned.

In addition, the impact of the recession meant that many employers cut their training budgets and were therefore paying less for NSA-endorsed products and services. With its commission-based 'top-slicing' income model this issue hit the NSA for Financial Services particularly hard.

Secondly, the **level of income from provider membership was also lower than anticipated**. This was either because of a business model that proved difficult to implement and was no longer appropriate in the economic circumstances (in the case of Financial Services) or because the provider offer was not attractive enough (in the case of Manufacturing).

Thirdly, the **time and cost taken to develop and market the NSA offer was underestimated in some sectors** (for example, Financial Services and Food and Drink Manufacturing). It was important to get products such as new qualifications out into the marketplace as quickly as possible.

Lastly, some Round 1 NSAs commented that when they first became operational it was a **misplaced understanding that the LSC would afford priority funding to NSA-endorsed provision**, and their original business models were partly based on this. However, this proved not to be the case.

That said, all of the Round 1 NSAs continue to operate now that their Skills Funding Agency development funding has ceased, and have been able to adapt with changed business models and operational structures. This has been achieved through:

- **Absorption by, or closer links with, the ‘parent’ SSC.** One of the issues that has been brought to a head by the end of the three-year funding period for the Round 1 NSAs. This has seen NSA for Manufacturing being absorbed within SEMTA, and the development of closer governance and operational ties between Improve and the NSA for Food and Drink Manufacturing. On the other hand, the NSA for Financial Services (NSAFS) has split from its SSC and is now a completely separate organisation with a shared Memorandum of Understanding (MOU) governing the new relationship.

Merging the NSA for Manufacturing with SEMTA was viewed positively by the NSA’s stakeholders for several reasons, the key ones being:

- Providing a **more cohesive approach to employer engagement** (although evidence from other NSAs such as Process Industries and Retail indicates that this could be achieved without merging the two organisations). This would avoid duplication of effort between the SSC and the NSA in developing employer engagement and end confusion between the two organisations among employers:

‘SEMTA has reorganised its structure and business operation to ensure an even better and more seamless network between employers and providers, to the various frameworks. So streamline that down and we’ve really met more of the national occupational standards and the academy products that we have, which will provide a much more cohesive and unified employer engagement activity.’

NSA stakeholder, Board-employer, Manufacturing

‘What we’re seeing now is better communication and better linked up thinking in terms of the flow of information between the various business units within the organisation in terms of training, our training provider team working more closely with the field-based teams so that there is continuity of service to customers but also making sure that we’re linking up the whole chain that we instigate from employer through to training provider.’

NSA for Manufacturing representative

- **Saving costs** and avoiding duplication by sharing back-office roles.

‘We’ve had to identify different income streams to support the academy in becoming self-sufficient. And that’s resulted in the integration, the reduction of overheads, needless duplication of back-office activity. So it’s much leaner than it was before and much more focused on employers and providers.’

NSA stakeholder, Board, Manufacturing

Outwith the manufacturing sector, some stakeholders felt that employers did not need or even want to know the detail about which organisation was delivering a service as long as they experienced a unified face and a seamless referral process. Many stakeholders

outside as well as inside the NSA for Manufacturing sector were therefore positive about the benefits of closer operational links between SSCs and NSAs in terms of cost and efficiency savings and of developing a clearer understanding among industry employers.

However not all stakeholders thought that merging of NSAs with SSCs was advisable. In particular, one national policy stakeholder pointed out that SSCs exist as impartial industry-wide bodies whereas NSAs have a degree of partiality in their approach to working with certain training providers, and do not necessarily aim for full sector coverage. In their view it was essential that SSC impartiality be maintained.

- **Repositioning the NSA's business model.** Having to adapt the business model is not a criticism of NSAs – it shows that they can adapt to survive in a changing economic environment. The NSAs for Manufacturing and Financial Services provided examples, of where the NSA business model has been adapted to become more self-financing. These involved:

- **Broadening the range of products and services** being developed, with a more commercial approach

'What we are trying to do there is we are trying, for instance on the product website, trying to bring in more technical training products which customers are asking for. So it's really about ensuring that the learner experience and what comes out at the end is right for the employer.'

Representative of NSA for Manufacturing

- **Introducing or changing the provider membership model** (in the case of Manufacturing) or changing the funding basis of the existing one (in the case of Financial Services).

'What we've worked very hard for over the last nine months or so is the development of what we call the training provider offer. And this is really having extensive discussions with the training providers themselves. We're looking at what their requirements are and saying okay, how can we help you, what support can we actually give you?'

Representative of NSA for Manufacturing

'The new business plan has membership for training providers. So membership of the new flat payment fixed fee for your membership, no matter how many learners you have. That is for the publicly funded ones, but for the private training providers we will enter into individually negotiated agreements rather than having one size fits all.'

Representative of NSA for Financial Services

- **Diversification of funding streams.** *'It won't be statutory funding anymore. It won't be fixed funding. So it will be us competing in the marketplace or generating interest in certain areas of skills development that will generate income opportunities from the various funding bodies, whether it's the Skills Funding Agency or the National Apprenticeship Service (NAS) or Department for Work and Pensions (DWP). What*

we'll do is position ourselves as a specialist in the skills area and seek to maximise the opportunities that arise.'

Representative of NSA for Manufacturing

5.3 Update on the status of Round 2 National Skills Academies

Round 2 NSAs are the next in line to come to the end of their three-year development funding, at the end of 2010, followed by the Round 3s in 2011. Based on Skills Funding Agency monitoring figures and discussions with the NSAs involved, most NSAs report that they are either on track or close to being on track to move into self-sustainability beyond their development funding.

'Without the Skills Funding Agency we have £xxk a year obviously from the colleges, we have about £xxk or so from the employers, we've got money from [national sector funding body] and we've got a percentage of every wage that goes through on the Apprenticeships. So as long as we keep costs down we can survive after the end of the development funding.'

NSA Representative (Round 2)

'Are we where we wanted to be? Yes, pretty much. Our income streams are growing and they are genuine income streams based on sales and products and services, and the skills and the experience that we have. Is it tough? Yes, it's tough. But actually, that's okay. So year one, develop products and services, build relationships. Year two, market and take product to relationship. And that transition then comes through to see the income generating.'

NSA representative (Round 2)

However, some NSAs have had a more difficult time than others in terms of drawing in funding and felt they may need to reduce costs in order to bridge the gap between their operating budget and what they need to be self-financing.

'I think we're about 10 per cent away from being able to demonstrate full sustainability. So the positive news is that we're 90 per cent of the way there but the negative is that we may have to trim some costs. But it's on a level where I think if I have to do that I can do it and still retain the integrity of the academy.'

NSA representative (Round 2)

5.4 What are the most appropriate models for financial sustainability?

There is no 'one size fits all' business model for NSAs as they all have to take account of the different (and changing) needs and circumstances within their own sectors and adapt

their business model accordingly. However, in terms of financial sustainability it is clear from this evaluation that the key foundations of this are:

- **Developing products and services which are filling gaps in the sector and therefore will be in demand from employers and learners.** This has to be based on effective employer consultation and market research across a range of employers or their representative bodies. Given current government training priorities, NSA development and expansion of Apprenticeships appears to be a solid approach as long as these are in genuine demand from employers and learners in the sector, but recent funding constraints on adult Apprenticeships emphasise that NSAs should not put all their eggs in this one basket. An approach based wholly on employer membership works well as long as the sector is extremely tightly defined, the major players have a UK rather than an international focus, there are regulatory drivers behind the need for skills training, and there is consensus on the skills issues that are being faced by the industry (as in the case of the NSA for Nuclear).
- **Getting the provider offer right.** For example, the top-slicing model originally adopted by the NSA for Financial Services did not bring in the anticipated level of funding and was found to be overly complex to administer. The network of ‘founder colleges’ established by the NSA for Creative and Cultural Industries, with 20 colleges each paying an annual membership fee, appears to have been more successful in terms of bringing in a sustained level of income and building stronger NSA-provider partnerships. A possible drawback to this approach is that as the network of NSAs expands there may be more competition between them for provider membership and they may find it more difficult to deliver added value to providers (e.g. through increased learner numbers).
- **Mixed funding streams.** Some NSAs and their stakeholders felt that the original targets for employer contributions, based more on a sponsorship or membership model rather than on the sale of products and services, were unrealistic. This was especially the case given the economic downturn and pressures on employer training budgets. NSAs have adapted to these pressures by developing a much more mixed funding model, which combines employer contributions (through membership and sale of goods and services), provider contributions (through membership and licensing agreements), and other sources of public finance such as funds from the European Social Fund (ESF), the Future Jobs Fund, and indeed other Skills Funding Agency funding streams. As one national policy level stakeholder pointed out, NSAs are still eligible to apply for a range of government funding streams in addition to, or outside of, their three-year development funding:

‘There will be a whole raft of different funding streams that NSAs could be eligible for in terms of public funding. So there will be public funding streams, employer investment... products and services, there’ll be membership – those are the sorts of funding streams really.’

National policy-level stakeholder

To some stakeholders this does bring its own tensions, in that some were concerned that NSAs were driven by the need to become self-financing rather than being employer-led. For example the NSA for Nuclear was looking into the potential of securing international

income streams by marketing their model to other countries, and although its stakeholders generally approved of this approach there were fears that this would shift the NSA's focus away from its core business objectives within the UK.

- **Site-based approaches seem to operate well** in sectors where they are feasible, for example with the NSAs for Construction and Retail. However this takes a lot of co-ordination and can be expensive to operate, for example in the case of the construction model which employs a central Project Skills Co-ordinator for each site. The Retail approach, where each local skills shop is co-ordinated by a lead provider, allows administrative costs to be kept down.

Finally, given that all of the Round 1 NSAs and several Round 2 NSAs have had to adapt their business models one of the keys to sustainability is the importance of flexibility in a changing government and funding climate.

6 Conclusions

In this final section we briefly draw out the conclusions from across the two years of the evaluation.

6.1 Are National Skills Academies achieving their overall objectives?

There is no 'one size fits all' business model for NSAs as they all have been developed initially to meet the specific needs of their sector and have subsequently adapted their business model to meet emerging needs and changing circumstances.

Most Round 1 and Round 2 NSAs are optimistic about their future viability, within the different models they had adopted. A number of factors are critical to the financial sustainability of the NSAs: keeping central costs low and lean; effective consultation and market research with employers to identify gaps in the market, leading to the timely development of products and services; getting the provider offer right and actively facilitating employer-provider partnerships rather than relaying messages between the two; and diversification of funding streams rather than relying on a narrow base.

The following discussion considers the extent to which NSAs have met their original common objectives.

- Providing up-to-date, flexible, accessible, responsive, high-quality and cost-effective solutions to skills needs.
 - All NSAs are building closer links between employers and providers and acting as an intermediary. They are promoting more responsiveness among providers (although some providers are more receptive than others) and helping employers access the system (particularly larger employers, but also smaller ones e.g. by forming group training networks and shared Apprenticeships).
 - Most employers who had used NSA-endorsed or developed provision were very positive about its quality and delivery. However it is difficult to isolate NSAs' impact on raising rather than recognising quality given the presence of other internal and external quality improvement drivers such as TQS.
- Working with Sector Skills Councils (SSCs), design and deliver excellent skills programmes, qualifications and curricula that meet current and future sector needs.
 - All NSAs are facilitating or directly developing new provision to fill gaps identified by employers. This is one of their main strengths and positive examples could be found across a number of sectors.
 - NSAs are helping promote existing types of provision – especially Apprenticeships – to a wider group of employers. In particular some NSAs are developing a range of innovative solutions to help SMEs take on apprentices

when they might not otherwise be able to do so, by developing ways to remove the barriers and risks that some small companies associate with taking on a trainee. Examples include the promotion of shared Apprenticeship schemes in several sectors (Nuclear, Construction, Retail) and one NSA becoming an Apprenticeship training company in its own right. Some NSAs (Financial Services, Creative and Cultural Industries) have also actively brokered new Apprenticeship frameworks in sectors where none existed before. On the whole these are proving very popular with learners and employers alike.

- NSAs have successfully expanded Apprenticeship programmes and higher level skills training (through facilitating the development of Foundation Degrees) in response to current and future skills needs within certain sectors.
- NSAs have experienced mixed success with the take-up of skills passports as a means of upskilling existing staff. These have proved more difficult to develop and implement than NSAs expected and in some sectors such as Process, their take-up has been lower than planned.
- Be centres of innovation and creativity for the design and delivery of the programmes which best develop the skills that employers are looking for in each sector.
 - There is less widespread evidence that NSAs have transformed provision and been particularly innovative, although there are some excellent examples in terms of promoting e-learning and shared Apprenticeship schemes in certain sectors. NSAs have certainly improved provision, mainly by addressing gaps.
- Creating and integrating learning technologies in the design of learning programmes where appropriate.
 - Almost all of the NSAs covered by this study have developed or facilitated programmes which make use of e-learning, including several which have developed their own e-learning platforms at considerable cost. Some NSAs questioned the cost-effectiveness of this and felt that it would have been cheaper to buy off-the-shelf packages.
- Linking with existing national, regional and local networks of colleges and training providers within their sector.
 - Rather than linking with existing provider networks most NSAs have set up their own. Although different models of provider engagement have been adopted and it took time for some NSAs to build their provider networks (in particular within diverse sectors), most NSAs and their stakeholders were satisfied with the number and range of providers involved in their networks.
- Building on good practices to reshape curricula, teaching, learning and assessment methods and trainer, teacher and assessor capacity.
 - There was mixed evidence that NSAs were improving training and assessment methods and capacity and this was a particular strength in certain sectors such as Food and Drink Manufacturing, and Manufacturing.

- Promoting equality and diversity, broadening the base of recruitment into the sector by tackling the obstacles and barriers faced by some groups in gaining access to training and jobs in different sectors.
 - Some NSAs were taking active steps to address negative preconceptions about working in their industry and therefore attempting to broaden the recruitment base. For example several had established industry ambassadors and were developing links with schools to try to engage more young people in the sector.
 - Only a few NSAs (for example, Construction, Financial Services) could point to direct examples of where they had helped to develop greater equality and diversity in their sector. However for most NSAs this was a longer-term rather than an immediate aim.
- Attracting significant employer investment in skills, as part of the partnership between the state, employers and learners to raise the national game in skills.
 - NSAs have attracted additional employer investment in skills, although for the most part this appears to be on programmes which already attract some level of public funding, such as Apprenticeships. There is insufficient data to determine the extent of investment in full-cost recovery versus publicly funded provision.
 - Meeting stretching employer investment targets has been difficult for most NSAs, in particular in the context of recession. As a result many have responded by adapting their business models to bring in funding from a more diverse range of sources.
 - Other than monetary investment, all NSAs have benefited from in-kind investment from both employers and providers. This has come largely in the form of staff time, but in specific cases there has been substantial capital investment or direct donations of premises or equipment, or sharing of intellectual property.

Appendix 1: Evaluation Framework

Key questions for the evaluation	Measure/indicator	Source	Comments
What is the effect of NSAs on the supply of skills to their sector?	Employers' perception of current quality of skill supply and recent trends in quality	Employer survey	Factors other than skills academies affect the skills supply to a particular sector. Any survey results need to take account of this. We can gain an insight in to previous levels of quality by looking at respondents' views on trends
	Employers' perception of current quantity of skills supply and recent trends	Employer survey	
	Stakeholders' assessment of current quality of skill supply and recent trends	Stakeholder survey	Stakeholders may be able to take a more contextual view and assess the relative influence of the NSAs to changes in skills supply pre and post the establishment of the NSA
	Stakeholders' and employers' assessment of the profile of the sector and its attractiveness as a place to work	Stakeholder survey Employer survey	
	The volume of learner activity directly influenced by NSAs Types and levels of learner activity directly influenced by NSAs	Academy & other secondary data Academy level interviews	May be difficult to get data if NSA does not directly deliver programmes
What is the effect of NSAs on the quality of education and training provision of relevance to their sector?	The extent to which employers and stakeholders see NSAs adding value to previous provision	Stakeholder survey Employer survey Academy case studies	
Has the NSA filled gaps in provision (directly or indirectly)?	Examples of new training courses and qualifications and of new methods of delivery established or influenced by the NSA	Stakeholder survey Academy case studies	Case studies need to provide a rounded view of the examples of 'good practice' i.e. from learner, provider and employer perspectives
	Employers', learners' and stakeholders' views on new courses and qualifications and methods of training delivery (inc quality of assessment)	Employer survey Learner survey Stakeholder survey	

Key questions for the evaluation	Measure/indicator	Source	Comments
Has the NSA established or facilitated centres of high-quality expertise?	The existence of centres of acknowledged training expertise The influence of the NSA on the centres How the NSA assesses 'acknowledged training expertise'	Academy case studies Learner survey Employer survey Stakeholder survey	Case studies need to provide a rounded view of the examples of 'good practice' i.e. from learner, provider and employer perspectives
	Views on the standards set by NSAs for training products they endorse	Academy case studies Employer survey Stakeholder survey	Employers may be better able to comment on the quality of products rather than the details of the standard
Do learners gain relevant experience and understanding?	Employers' views on the learners' skills and expertise	Employer survey Academy case studies	Ideally need to be able to distinguish between direct-delivered NSA provision and provision endorsed by the NSA but delivered by others
	Learners' views of the relevance of their learning experience	Learner survey	It would be more informative to have the views of learners who have completed their course and are in a relevant workplace
Do NSAs collaborate with all types of education and training providers?	Number and type of involvement with different types of provider i.e. schools, colleges, independent providers and higher education institutions	Academy & other secondary data Academy case studies Stakeholder survey	
Do NSAs promote equality and diversity?	The characteristics of 'NSA learners'	Academy & other secondary data Learner survey	It may be difficult to identify samples of NSA learners especially those not funded by LSC
	Extent to which NSAs work with 'non-traditional' learners	Academy & other secondary data Learner survey Academy interviews	There may be a tension between equality and diversity goals and focusing on specific sector skill needs
Are NSAs employer-led?	Number of employer engagements with NSAs Number and level of employers involved in NSA governance	Academy & other secondary data	We are also interested in the factors affecting the extent of employer leadership
	The nature and level of the employer engagements	Employer survey	

Key questions for the evaluation	Measure/indicator	Source	Comments
	Employers' views of the value of their engagements	Employer survey	
	Examples of employer involvement in NSA projects	Academy case studies	
	Stakeholders' assessment of the extent and impact of employer influence on the operations of the academies	Stakeholder survey	Should the evaluation also assess the value of employer leadership e.g. from the perspective of non-employer stakeholders?
Do NSAs work across the UK?	Geographical spread of training centres and other learning activities	Academy & other secondary data	Is this an important element of the NSA remit?
	Geographical spread of learners and employers	Academy & other secondary data	Need to compare against the geographical spread of the sector i.e. to assess any regional imbalances
Do NSAs work with a broad range of employers in their sector?	Number of employer engagements with NSAs	Academy & other secondary data	
	NSA involvement with SMEs	Employer survey	
Are NSAs independent?	Stakeholders' views on degree of independence	Academy-level interviews Stakeholder survey	Need to establish what is meant by independence i.e. independent from whom?
Are NSAs financially self-sustaining?	Stakeholders' views on financial viability	Stakeholder survey Academy case studies	
	NSA representatives' views on financial viability	Academy-level interviews and Academy & other secondary data	
How do the NSAs work with their SSC?	Stakeholders' views on relationship with SSC	Academy-level interviews Stakeholder survey	
Other research questions i.e. other than those originally identified			
Do skills passports help improve the skills supply to their sector?	Employers' views on the value of skills passports	Employer survey	Not all NSAs have skills passports so will need to take account of this in questionnaire design or analysis
	Learners' views on the value of skills passports	Learner survey	

Appendix 2: NSA Summaries

Manufacturing

Construction

Food and Drink Manufacturing

Financial Services

Nuclear

Process Industries

Creative and Cultural Skills

Hospitality

Sport and Active Leisure

Retail

NSA for Manufacturing (NSA-M)

Approval date

October 2006 (Round 1)

NSA structure and governance

In its first three years NSA-M operated a region-based 'hub and spoke' model. It had a National Board with Regional Advisory Groups (RAG), made up of the key stakeholders in each region. For example, in the East Midlands the RAG included four large employers, four SMEs, the LSC, the RDA, the lead provider in the region and the Manufacturers' Advisory Service.

After a restructuring in 2009, the NSA merged with SEMTA as a wholly owned subsidiary, because it could not become self-sustainable with its original business model. The aim is to offer an 'end-to-end service' to businesses in the sector. Generally, stakeholders were in favour of this development, feeling it would 'make more sense' strategically and operationally, and ease any confusion among employers.

Main business objectives

- Develop and implement national standards for manufacturing skills delivery.
- Consolidate and validate the provider network.
- Engage employers and individuals with NSA-M products and services.
- Promote the sector more widely, including to under-represented groups.

NSA model of operation

The main features of the NSA-M model are the identification and kite-marking of centres of excellence; and licensing of approved training programmes.

Key product lines have evolved over the past three years. These are:

- TQS support – support to achieve the TQS quality standard for training providers and 'kite-marking' of approved training providers and trainers
- Designing/delivering CPD programmes for training providers
- The Academy's main provision at that stage was Business Improvement Techniques (BIT)
- Learning portal – designed for employers (particularly SMEs) and learners.

Other NSA-M programmes include the Essential Skills for Problem Solving course developed by Jaguar Landrover with co-funding from the Academy (which it is seeking to expand to other companies); a Masters programme in Leadership and Management; and a Recession Toolkit incorporating BIT along with financial management and business development training.

How the NSA works with employers and providers

Employers:

Tailoring support to employer demand is central to NSA-M's development programme – they go to employers to talk about their training needs, then explore the potential for building upon current programmes that might be sufficient with some revisions; or the potential market for development of new programmes.

NSA-M improves access to training amongst SMEs by working with them to identify clusters with similar training needs that are sufficiently large to attract providers to design/provide training provision across the cluster.

A range of tools to determine skill needs is available to employers via the web portal:

- Strategic Workforce Planner
- Business to Skills tool helps employers identify the critical skills that impact most on business performance
- Functional Diagnostics to highlight in detail the employer's need.

Providers:

There were over 70 providers involved with the NSA but they were aiming to increase this to around 90 to provide better geographical coverage across the country. However, some providers were disappointed with NSA involvement and said they had not seen any benefit in terms of increased learner numbers.

In terms of sharing good practice, 'lead' providers have helped other providers to develop and there will be more focus on working proactively with providers to share good practice under SEMTA.

Measures of NSA impact

In its three-year development period, the NSA attracted 7,917 publicly funded learners and 271 full-cost recovery learners.

- The NSA reached a large number of employers with 7,597 employer engagements for delivery.
- Some stakeholders thought there had not been much impact; it was no longer 'too early to tell' and the NSA should be making more of an impact by now.

- Other stakeholders pointed out areas where there had been some impact e.g.:
 - employers engaged with SEMTA and the NSA were able to be involved in the government's manufacturing strategy review and the NSA had put manufacturing higher on the government agenda
 - Business Improvement Techniques training has had an impact. Over 76 providers were involved and over 200 learners have been accredited.
 - quality standards have been developed for the industry.

Stakeholder rating of progress

- Stakeholders voiced mixed views on the NSA's progress. Some considered the progress of the NSA to be good, considering the circumstances they had operated in, but more needed to be done to make sure employers knew to use the NSA to access providers. While other stakeholders thought they had made reasonable progress; a few thought they had been poor or made no progress at all. Negative views were driven by the opinion that the NSA (in its first three years) had a poor strategic direction, ill-defined goals and a lack of clarity of purpose.
- A few stakeholders commented that the original business plan had been predicated on 'preferred support' for NSA programmes by the LSC, which had not materialised. This meant that the NSA was operating in a much more competitive environment than was originally envisaged.

Added value for employers and providers

Employers:

- Access to an accredited provider network; tailored advice on courses and a better understanding of their own skills needs; access to training as a response to recession.

Providers:

- A status symbol as well as some additional LSC funding; capacity building; a competitive advantage over other providers. Some of the providers interviewed judged that there was no added value other than some kudos.

NSA sustainability

- According to the NSA-M Project Closure Report, the Academy was able to meet its target for employer funding. However going forward there was insufficient buy-in from providers and the range of NSA-M products and services was felt to be too narrow to sustain the Academy as self-financing.
- Integration with SEMTA was regarded as a positive move by most stakeholders and was seen to be more likely to safeguard NSA activities and bring a clearer focus to

providing quality services. There was greater confidence in SEMTA's management structures and processes and less risk of duplication in terms of contacting employers.

- The aim now was to generate future funding streams through providers and employers. The 'provider offer' in particular had been reviewed, with NSA-M charging an annual membership fee or contract, in return for employer/learner referrals, CPD, and a consultancy support package.
- As with other NSAs, the 'macro-economic situation' was seen as the biggest challenge, as well as the downturn internally in manufacturing.

NSA for Construction

Approval date

October 2006 (Round 1)

NSA structure and governance

The NSA for Construction (NSAfC) has a separate governance structure from the Construction Skills SSC but operationally it is closely integrated. Only three staff are fully funded by the NSA: the remainder (Regional Strategic Advisers and Regional Co-ordinators) are part-funded. There are nine regional groups (each chaired by an employer) and a national Board: the Chair of each regional group is also a member of the national Board ensuring that the NSA is employer-led.

Main business objectives

- To establish high-performing workplaces contributing to the delivery of the construction project to quality, time and cost.
- To establish construction projects as learning and development centres for the entire project team and the broader community.
- To provide sustainable development for local communities by working with Jobcentre Plus and becoming part of initiatives such as Local Employment Partnerships.
- To provide the availability of site-based and other training resources to ensure relevant and quality-assured training for the lifetime of the project and through the supply chain.
- To raise training standards so that construction workers are provided with high-quality fit-for-purpose training and development that meets the needs of employers to deliver the project.
- To ensure syllabuses offered by training providers match the skill needs of NSAfC projects.
- To provide value for money for employers so that existing funding is more focused on identified training and development needs and that the Academy generates real returns to the industry in the medium to longer term.

NSA model of operation

NSAfC mainly operates through a project-based approach: construction projects apply to become part of the Academy. As of February 2010 they had 39 project sites (putting them ahead of target at that stage). The initial plan was to have 55 projects but due to the impact of the recession this was reduced to 40.

Each NSAfC project has a Project Skills Co-ordinator and an Employment and Skills Plan (ESP) drawing on labour forecasts to set out the training needs and associated employment and skills outcomes for each project. Employers contribute to pay for a Project Skills Coordinator on their project. The Project Skills Co-ordinator is responsible for engaging with the companies on-site, down the supply chain, and for monitoring outcomes against the ESP. The outcomes are reported on every quarter, enabling a re-focus of effort for poor-performing projects or sharing of best practice between projects.

The NSAfC has also been developing a client-led approach with local authorities where training requirements are incorporated into contracts (for example, to provide a certain number of Apprenticeships, sometimes for local unemployed people). The NSA then co-ordinates with the main contractor to establish how these objectives will be achieved.

In order to achieve its wider objectives the NSA has also:

- Developed a labour flow tool to produce forecasts of labour demand on each site, on which the ESPs are based.
- Established at least five regional training hubs (a location which provides training and support for assessors who perform the on-site assessments). Capital investment is being provided through a mix of the LSC/Skills Funding Agency, Regional Development Agencies, and industry contributions.
- Engaged with construction training providers through the British Association of Construction Heads (BACH) and the Council of Heads of the Built Environment (CHOBE).
- Promoted the Performance + business improvement programme to SME supply chain companies. The programme leads to NVQ Level 4 in Management. This has been done through a partnership with the Federation of Master Builders and a private training provider who developed the programme.

How the NSA works with employers and providers

Employers are integral to NSA projects: each large project has a lead contractor which is different on each project so there are a number of employers involved directly, plus through the supply chains. Smaller projects can be led by frameworks which get smaller contractors and providers involved in a consortium with a Project Skills Coordinator.

There is no list of endorsed providers from the NSA but Constructions Skills monitor and review training providers because of the construction industry grant and levy system. Part of the role of the Project Skills Coordinator is to liaise with these providers.

Measures of NSA impact

- Together the project-based and client-led approaches appear to be an effective model for driving up employer demand for training:

- NSAfC projects have engaged with 3,500 companies through the construction supply chain.
- Over 500 apprentices and 100 graduates have been employed on NSAfC sites. In addition, over 400 work experience placements have been supported.
- Projects have initiated 1,900 NVQs in the workplace (1,700 in supply chain companies).
- Over 4,500 people have undertaken advanced Health and Safety training with an additional 1,000 undergoing Site Safety Plus training (335 from within supply chain companies).
- Stakeholders felt that impact has been good in some areas, but is again very dependent on region.
- The NSA also has an impact on learners and providers. Learners get real experience in real settings and providers are taking into account employer needs with their training.

Stakeholder rating of progress

The progress of the Construction NSA was generally considered to be good by stakeholders. They have been successful in developing a model, and a way of benchmarking quality standards to the needs of the sector (the Employment and Skills Plans). They have also now got a number of projects up and running which are delivering training, they have recruited apprentices and helped people into jobs. Some stakeholders were concerned about the regional imbalance in NSA projects (with the North East and South West identified as gaps in the NSA's coverage).

Added value for employers and providers

Employers get a best-practice process which can improve delivery to customers. They get involved with the local community and can attract new recruits. They can then develop a workforce that they can take with them from project to project and can help them win more projects. If they have training needs for a particular type of job these can now be developed with the NSA. One sub-contractor on a NSAfC project had initially used the on-site training centre to obtain Construction Industry Scheme (CIS) cards for his workers, and subsequently for health and safety training and NVQs:

'We are a small company, my guys are self-employed, so we are not continuously here. When I have someone new, I need to put them through things like self-assessment, NVQs, again and again. It's good for us to have them [NSAfC] here and they have been very helpful... Everyone is very happy that without going anywhere else, without losing their working day, they can do their course and the assessment.'

1. Construction employer

Employers are better able to articulate their skills requirements to the providers (through the role of the Project Skills Co-ordinator). Stakeholders felt that through the NSA, training and construction sites no longer operate in silos, and that having more training on-site

means that workers can be more productive. There was evidence from the case study of some providers changing their curriculum or re-introducing previously discontinued courses in response to employer demand:

'It's being more adaptable to the market. The college is now revising its provision in that it has to be more flexible with the curriculum and each student from there will have a schedule or scheme of work designed to programme into the time that they started. It is difficult but we have to change... to meet what is required in the industry.'

2. Construction provider

NSA sustainability

During its three-year development phase the NSA achieved 90 per cent of its target for cash investment from employers. In addition it achieved a significant amount of in-kind employer investment (over three times as much as was achieved in cash contributions). Cash investment includes contribution from the construction industry levy, which the NSA uses as a proxy for employer contributions.

Some stakeholders were concerned that the model of setting up temporary site-based Skills Academies could possibly cause problems for sustainability. They felt the NSAfC should be looking at diversifying the model by using consortia of employers and providers, not just based around large-scale projects: this would mean more NSA projects could be started on smaller sites and there would be a more even regional distribution.

In future the NSA plans to consolidate the project-based approach so that it is embedded within the industry, further develop the client-led approach, and promote demand among SMEs for leadership and management training.

NSA for Food and Drink Manufacturing

Approval date

February 2007 (Round 1)

NSA structure and governance

The NSA Board is primarily composed of employers, including SME representation and membership from industry stakeholders such as the Food Standards Agency.

The NSA has a small central team comprising an Executive Director, three Business Development Directors, and two support staff. It shares a CEO and several support functions with the Improve Sector Skills Council. Employer engagement is carried out through Improve.

From 2010, the NSA and SSC have moved closer together with a shared Board and a more integrated operational structure.

Main business objectives

- To be recognised as the single, most relevant port of call for employers looking for training in the Food and Drink Manufacturing sector.
- To deliver incremental learning in the Food and Drink Manufacturing sector by offering employers training provided by Academy centres that is truly demand-led.
- To assist in delivering the sector skills and qualifications strategies and the Sector Skills Agreement on behalf of Improve.
- To be financially secure without reliance on government funding by end 2010.
- To actively encourage employers to drive added value learning to improve productivity and competitiveness via the academy.

NSA model of operation

- The NSA has established a quality-assured 'excellence network' through which the NSA endorses providers (and their relevant programmes) in return for a membership fee. The original provider model of regional 'hub and spokes' was adapted in favour of a sub-sector and national approach, which has worked better. There are two levels of membership – standard members and sub-sector 'champions'.

- The NSA offer on-line learning programmes to employers on a pay as you go basis. However the expected level of income from this source is much lower than originally envisaged.
- Project Eden – which involves developing a Danish ‘dairyman’ skills course for the UK context. This has resulted in the establishment of a Foundation Degree in Dairy Technology, with substantial capital investment by employers, which has had an intake of 49 learners so far.
- Developing specific courses for the baking sector. The NSA bakery steering group (including representatives from major national employers as well as the main trade and member associations) has secured industry representation, agreed the training needs of the industry, identified a bakery champion, and coordinated the development of a new course for the industry with a Lead College.
- Development of tailored English for Speakers of other Languages (ESOL) for Meat and Poultry course which can be funded or non-funded and delivered either through NSA providers or by employers themselves.
- Promotion of lean manufacturing through running productivity and sustainability forums for non-competing employers, allowing them to share best practice.

How the NSA works with employers and providers

A business development team from Improve approaches employers while the NSA have focused on establishing a network of providers. The NSA then fulfils a brokerage role between the two, with the aim of being a ‘one-stop shop’ putting employers in touch with the most appropriate training provision for their needs.

Employers

The NSA has worked with employers to fill gaps in provision especially in the dairy and bakery sub-sectors. Some stakeholders felt that the NSA does not engage as well with SMEs as it does with large employers. The NSA also offers individual consultancy to employers such as skill needs diagnosis.

Providers

Stakeholders felt that the NSA had done well to establish its provider network. They have provider champion meetings and provider network meeting, so sharing good practice is starting to happen. The NSA supports providers to implement the new Qualifications and Credit Framework (QCF) qualifications and to build their marketing and employer engagement with the sector.

Measures of NSA impact

- The NSA has recorded over 18,000 learners between 2007 and 2009, 63 per cent of its 2007-2011 target. However, learner numbers on publicly funded and full-cost recovery programmes had not been recorded in sufficient detail to allow distinctions to be made.

- Employer engagements were not recorded until 2009. Forty-nine employer engagements were made in 2009.
- Sixty-five providers have been engaged covering a portfolio of 565 individual courses.
- The Foundation Degree in Dairy Technology and newly developed bakery courses are filling industry skills gaps.
- The NSA reports that its lean manufacturing forums have resulted in £250,000 savings made by participating companies.
- Some stakeholders felt that employers in the sector were starting to see improved access to information, improved access to training provision, improved quality of training delivery and more skills in the industry. The NSA had made a particular impact on the dairy industry. However, others felt that more evidence of impact was required.

Stakeholder rating of progress

Most stakeholders are reasonably pleased with the NSA's progress. However, a few felt that it should have done more – in particular that the NSA had concentrated too much on particular sub-sectors and not done enough on an industry-wide level.

Added value for employers and providers

Employers get improved information about training and improved quality of delivery. There has been an increase in the number of providers working in food manufacturing training.

Providers get a quality mark and employer referrals, but some were not necessarily seeing enough added value to justify the membership fees.

NSA sustainability

Employer contributions have met the original business plan target although this has primarily been through in-kind contributions and capital investment on specific projects, rather than sponsorship of the NSA. According to the Project Closure Report, the NSA had not recorded employer investment figures in such a way as to be able to break down cash and in-kind investment over its first three years.

The NSA model relies mainly on membership fees from training providers but they will have their budgets cut in the future, and more of them need to see a return on investment over the next 12 months. Stakeholders were circumspect about the NSA's future sustainability because of this, and some felt that it should formally merge with Improve.

NSA for Financial Services

Approval date

October 2006 (Round 1)

NSA structure and governance

The NSA for Financial Services has a National Board of which three-quarters of members are employers. There are also seven regional boards with 10 to 15 members each (predominantly employers, plus the lead training provider for each region, and other regional representatives). The NSA's governance structure is dominated by employers and therefore is industry-led.

The NSA has a small central core of five permanent staff plus seven Regional Directors. Other staff are employed on a contract basis as required, for example to manage particular projects.

In late 2009 the NSA formally separated from the Financial Services Sector Skills Council to become independent, establishing itself as a registered charity. This move was backed by stakeholders who felt that a conflict of interest had emerged between the NSA and the SSC.

Main business objectives

- Deliver 15,000 more learners.
- Raise £3.75m employer sponsorship.
- Achieve financial sustainability.

NSA model of operation

Partly due to the recession, the NSA's focus has been mainly on upskilling, re-skilling and developing progression pathways for the existing workforce rather than on developing training for potential new entrants. The Academy has developed:

- Apprenticeships in Financial Services – aimed at current employees aged 19+. The Apprenticeship programme has been very successful with over 1,500 Apprenticeship starts in three years, from a base of virtually zero. The programme has attracted the participation of around 250 employers, of which 160 are SMEs. During 2009-10 a drop in Apprenticeship starts was witnessed due to funding cuts to the adult learning budget.
- An on-line learning platform with access to on-line and blended learning options. Courses delivered through the platform include leadership and management modules and industry-bespoke online courses in Treating Customers Fairly and Customer Service.

- A bespoke leadership and management programme which maps industry-contextualised learning modules to the Institute of Leadership and Management Award in First Line Management (Level 3). A Level 5 progression award is under development.
- Level 2 Introductory Diploma in Financial Services, aimed at adults seeking to enter the industry.
- Foundation Degree in Financial Services – developed in partnership with the Open University (OU). The NSA has negotiated with the OU so that elements of the degree can be delivered via its own network of accredited providers.
- Financial Capability training for 16-18 year olds and adult learners, funded via the Financial Services Authority. In 2009-10 this training covered 30,000 learners in 75 FE colleges.

The NSA is responsive to regulatory drivers for training within the financial services sector and is currently developing new products and services, including ones to meet the upcoming requirement that financial advisers should all hold a Level 4 qualification.

How the NSA works with employers and providers

The NSA manages a network of providers who are quality-assured using a mix of course quality and employer engagement criteria. The NSAFS has 20 provider members. Once approved, provider members are subject to a series of ongoing quality assurance checks, including site visits by the NSA.

The NSA offers a ‘train the trainer’ programme for providers delivering its leadership and management course. It has also developed an automated tool for FE providers to use with employers, to help identify their business development needs.

Provider membership originally comprised mainly of FE colleges. However, the FE sector has historically delivered a small proportion of training within the financial services industry (the NSA estimates this at around five per cent) and while seeking to expand this, the NSA has also actively tried to engage more private sector providers.

The NSA’s Regional Directors offer employers brokerage, helping to identify the most appropriate training for their needs and matching them with relevant providers. An example was provided of one large employer who first contacted the NSA in one region to get involved in offering Apprenticeships: the NSA was able to refer this employer to quality-assured providers in another two regions to help them expand their Apprenticeship programme nationally.

Measures of NSA impact

- Between October 2006 and the end of 2009, the NSA covered 7,562 publicly funded learners and 45,220 learners on full-cost recovery programmes (the majority of these were on the Financial Capability training). This is against a target of 15,000 in the original business plan.

- The NSA engaged with 250 employers for delivery and a further 250 for other reasons. Overall 70-90 employers are actively engaged with the NSA through national or regional governance.
- The NSA has 20 provider members and is engaged with a further 90 providers through various arrangements such as licensing agreements.
- Stakeholders regarded the NSAFS brand as strong and there is strong employer and provider engagement in the NSA. The NSA has raised awareness and the profile of financial services skills and training. They now need to develop the learning and training products further.
- There has been development of new courses, filling gaps in existing provision, for example expansion of the Apprenticeship programme, development of a Financial Services Foundation Degree, and a new Level 2 qualification.
- One stakeholder felt that there was a need for the NSAFS to engage more with SMEs, particularly in order to encourage the use of Apprenticeships. The NSA's new business model will see it focus more effort on engaging with SMEs.

Stakeholder rating of progress

Stakeholders regarded the NSAFS brand as well established and with a good reputation, evidenced by the fact that providers and industry are keen to be part of the network. There was some suggestion that more providers are needed and that expansion into HE should be the next target. The NSA's progress overall was seen as 'slow and steady'.

However, paying just to be associated with the brand was not seen as enough to keep providers and employers engaged long-term – stakeholders felt that a clearer picture of what was actually being offered by the NSA for the financial input was needed, particularly for employers.

Added value for employers and providers

Employers and providers paying to be associated with the brand has worked so far but increasingly stakeholders were aware that this will need to translate into take-up of actual products and services offered by the NSA. Both employers and providers will need to see more return on their investment and a clearer picture of what is actually on offer.

Colleges do not tend to have a strong track record in financial services courses and so the NSA has opened up new business for them.

Being involved in the NSA allows employers in the industry to give out a positive message and improve their reputation. Employers gain a better understanding of potential funding and how people can be developed (through brokerage) and get an outside body to support and underpin what they are doing internally.

NSA sustainability

Under its original business plan, the NSA operated a top-slicing model whereby accredited providers would pay the Academy 2.5 per cent of the funding they gained from NSA learners. However, this model was found to be administratively difficult and costly to operate (as it was difficult to track which learners had come through the NSA) and did not deliver the forecast returns. Some NSA stakeholders felt that the 2.5 per cent rate was not sufficient.

In addition the original business plan was based on an employer sponsorship model where 10-12 employers would each pay £250,000 per year annual membership in return for a seat on the NSA Board. In hindsight the NSA felt that this was not feasible (or even desirable) given the economic climate and because it effectively excluded SMEs from national governance.

In effect, during its three-year development period, the NSA attracted approximately 30 per cent of its employer investment target (based on cash and in-kind figures). Income was generated from other sources such as the FSA funding to deliver Financial Capability training to FE learners.

From 2010, the NSA has developed a new business model with more diverse income streams. The NSA will charge a membership fee for publicly funded providers and will have individually-negotiated agreements with private sector providers. This will sit alongside project income, income from NSA products and services, and employer sponsorship.

Overall, stakeholders were all confident in a positive future for the NSA and that financially the NSA was doing well considering the economic climate. There was concern for the future regarding employers having less money to spend on training and public expenditure cuts especially to the adult learning budget.

NSA for Nuclear

Approval date

September 2007 (Round 2)

NSA structure and governance

The NSA Nuclear is a subsidiary of Cogent SSC and has a total of 12 staff of which seven are based in their headquarters. The remaining five are regional managers in the North West/North East, South West, South East/Eastern, Wales, and Scotland.

The national Board has 20 members and there are regional 'employer steering groups' reflecting the regional structure. Regional Training Clusters (RTCs) have been established in each of these regions, made up of existing training centres, FE colleges, universities, on employer sites, and new purpose-built facilities – the physical presence is dependent on what is needed for each region.

Main business objectives

- Vision – 'To create, develop and promote world-class skills and career pathways to support a sustainable future for the UK nuclear industry'.
- Appoint, develop and inspire a Team to lead the Academy to success.
- Develop and deliver the Products and Services portfolio as outlined in the Business Plan, enabling career progression throughout the Skills Pyramid.
- Appoint provider members of the Regional Training Clusters via a rigorous Quality Assurance process.
- Establish robust financial processes and systems to manage finances effectively, delivering excellent value for money.
- Regular review of employer demands to ensure that the Academy is meeting the needs of industry as they develop, via the Regional Steering Groups.
- Raise the profile of the Academy and the industry by implementing the Communications Strategy.

NSA model of operation

- A key source of funding and employer engagement are the Associate Members, these are companies of varying size within the nuclear industry who support the NSA financially. The Board is drawn from these Associate Member companies. Alongside this, providers pay to have their courses assessed and accredited.

- The NSA's original business plan only involved skills related to decommissioning, however as new build grew in importance they were willing and able to grow their agenda (within the original budget) to cover this increased remit. This not only gave them a bigger scope for membership but more importantly reinforced and secured their original members.
- Development of new courses and progression routes within the industry, focusing on intermediate and higher level skills (Level 3 and above). Examples include:
 - The Certificate of Nuclear Professionalism to establish higher level progression routes. This will contain the nuclear industry specific professional skill requirements that can be added into the Chartership requirements of a range of professional bodies and institutions to make a recognisable industry-specific high-level qualification.
 - Links with four HE providers delivering Foundation Degrees with more linkages at a range of levels planned. In practice many of the qualifications are often based on existing Foundation Degrees with the addition of a module providing nuclear-specific knowledge. In part this is designed to attract more candidates. Additionally, the use of existing qualifications made the development process quicker and cheaper.
 - Community Apprentices funded by the Nuclear Decommissioning Authority. They have already funded 75 and have found that this funding has been particularly important in engaging employers, especially SMEs down the supply chain. Despite funding coming to an end they still have funding for a further 40 and this means that with current funds they will be able to continue this scheme until 2014. They hope to get further funding for more Apprenticeships.
- Development of skills passports – providing sector employees and contractors with a record of industry-specific training and qualifications to sector standards. The skills passports are a key part of their offer and are offered free as part of the employer membership offer. An important milestone for them was getting 'The Office for Civil Nuclear Security' approval. This has made the industry take note and given the skills passport credibility with the main employers. They are negotiating with other organisations so that the Nuclear skills passport can include details of skills passports in other related sectors. Use of the skills passport will be stated as 'highly desirable' in member supply chain tenders thereby encouraging more sub-contractors (mainly SMEs) to get involved.
- Support for Science, Technology, Engineering and Mathematics (STEM) work in schools with Science and Engineering Ambassadors.

How the NSA works with employers and providers

- Most stakeholders agreed that the NSA is very employer-led – the Chairman works hard to ensure a good mix of employers on the national and regional boards. One commented positively that the NSA had recently become more employer-led and less SSC-led, although they felt the NSA could work harder to listen to the needs of SMEs and employers in the regions.

- In terms of membership, there is a high sector penetration rate (70-80% of the industry), with most of the big players signed up as members.
- Employers receive consultation visits including support to develop their in-house provision to meet industry standards, if required. They also get a bespoke Skills Action Plan for their organisation and NSA advice and support to access funding to help address this (if available).
- Most stakeholders agreed that there is room for more providers to be involved, but comment that the NSA is rigorous in assessing quality even if it means insufficient provision in the short term. The NSAs are driving up provider quality – when a provider fails the quality assessment, the NSA works with them to help them attain the standard required.
- Some stakeholders felt there were too many colleges and not enough HE institutions involved. However in 2010 the NSA adopted its provider model by broadening it to include the following:
 - Quality Assured Providers - this is the original concept and covers private and FE college providers. Quality is assessed using the Ofsted rating and other NSA specific processes
 - Assured Employer Providers – this covers employers’ in-house provision which is not linked to LSC funding and does not attract an Ofsted rating, but is otherwise of the standard expected
 - Associate Higher Education Providers – this covers those involved in the delivery and development of NSA Foundation Degrees and the Certificate of Nuclear Professionalism
 - Employer Nominated Providers – this covers a range of small private providers that have been nominated by more than one member company.

Measures of NSA impact

- The NSA plans to have 35 quality-assured providers by 2011. Currently they have 18 with a further eight Associate Higher Education Institutions (HEIs) and four employer-nominated providers.

Perceived successes include:

- Getting the brand recognised – the NSA is well known and well respected in the industry according to most, but stakeholders felt they could do more, e.g. promotional literature at exhibitions and conferences, and more awareness of the website.
- Engaging a good number and range of employers and providers in all regions (although one stakeholder disagreed), and ‘bringing together an industry that has never worked together before’.

- Good progress with the skills passport (after some delays due to security issues).
- Attaining funding from the Nuclear Decommissioning Authority (NDA) for the development of Community Apprenticeships.
- The development of the Certificate for Nuclear Professionalism, an industry CPD course.
- The development of Foundation Degree courses in partnership with HEIs and based on employer feedback.

Stakeholder rating of progress

All agreed that progress has been good, in spite of the considerable broadening of the NSA agenda over the past two years – they are no longer focusing on lower-level skills. Most agreed that it is still too early to see the impact on the quantity of training delivery as many courses have not yet been rolled out. The range of provision should improve as courses are being developed that address particular gaps, however stakeholders felt that the impact of this is still too early to tell.

Added value for employers and providers

Added value for employers is the opportunity to influence the NSA agenda, which they will later benefit from, to access particular funding, and access to better information about training/funding for training, tailored to their business needs.

Providers gain commercial benefit through increased learner numbers (although this is limited at the moment) and marketing potential (a badge to show that they are supported by nuclear employers and train to a high standard) as well as better relationships with employers.

NSA sustainability

The NSA plans to be self-sustaining by the end of 2010 and is currently on track. The annual core income from membership alone is over £600k. The NSA are convinced that the model whereby the skills passports are a free benefit works well and has if anything increased numbers obtaining the passports, which in turn has increased their credibility.

In the longer term, the NSA may have to diversify internationally to increase funding streams.

NSA for Process Industries

Approval date

November 2007

NSA structure and governance

The NSA is a wholly owned subsidiary of Cogent. It has a high-level 10-member National Board (with subject-based sub-committees). There are four Regional Boards (with 10 members on each) based in regions which have concentrations of process industry employers. The national board is made up mainly of large companies, however the regional boards do have representation from SMEs.

Main business objectives

- Work directly with employers to identify the skills gaps in their workforce.
- Develop an industry Gold Standard to raise the aspirations of UK process industries employers and employees.
- Help companies 'upskill' their current employees through accreditation of their current skills and offering relevant new training opportunities.
- Work alongside training providers and education bodies to develop the highly skilled employees needed for the sector.
- Develop a UK-wide training infrastructure that better supports the sector's needs.
- Ensure that process industries' employers have the resources needed to continue developing the skills of their staff, and have access to appropriate funding.
- Promote the process industries to potential and future employees.

NSA model of operation

- Accreditation of training providers – differentiating between Centres of Excellence and Academy Centres and between sector-specific or thematic specialists.
- Accreditation of employer training through the ASET process (Assessment System for Employer Training).
- Development of an industry Skills Passport – online record of an individual's learning.
- Train to Gain brokerage – through sector compact.
- Development of Gold Standard, and Business Improvement Techniques (BIT) training.

How the NSA works with employers and providers

NSAPI acts as a conduit between employers and providers and there are examples of the NSA negotiating with providers on behalf of employers. It works with employers to assess their skills needs via the ASET process. This involves the NSA working with the company to assess its workforce skills and competencies against their Gold Standard. A gap analysis is then produced and a two to three year action plan drawn up to bring the staff up to the Gold Standard. The NSA then facilitates referrals to appropriate quality-assured training providers in its network.

Some providers reported they had not received any appropriate referrals from the NSA, but despite this they felt the membership fee was good value for money due to the additional CPD on offer for staff, and access to networking opportunities.

Some stakeholders felt that there are not enough employers at the moment willing to buy and use the NSA products (partly due to the recession) and there is a question mark over whether these products suit SMEs. Some also felt that the NSA should get more providers on board and do more to encourage providers to work as a network.

Measures of NSA impact

The NSA has 65 accredited providers with a further 40 in development. They are looking to have 100 accredited by the end of the year.

The NSA has achieved 28 ASETs (mainly with large companies).

Some stakeholders felt that the NSA has not made a big impact: however their views were divided between whether it should go for a broader, simpler, cheaper service, or concentrate on a few key activities and do them very well.

Stakeholder rating of progress

Stakeholders felt that progress has been good nationally but has stalled in some regions. Most stakeholders felt that there was room for improvement in terms of making faster progress.

Added value for employers and providers

Employers

Employers get a clearer and more objective view of their competencies through the ASET process, access to an accredited provider network and products, credible qualifications, and tailored advice on funding streams to pay for training (where available).

Providers

In theory providers get more referrals, although some reported that they had not received any appropriate leads. They also receive feedback on what employers think of their courses and the badge of being a high-quality provider. Providers themselves reported

access to CPD for staff, networking opportunities, and greater insight into the needs of process industry employers as being the main benefits of membership.

NSA sustainability

The NSA considers they are currently 90 per cent of the way to achieving sustainability by January 2011. Their income is comprised of around 50 per cent from provider accreditation and referrals; 30 per cent from employer membership; and the remainder from a variety of products and services such as blended learning packages. They also receive funding from Cogent to manage their employer engagement process. Skills passports have not delivered the amount of income envisaged in the original business plan.

Stakeholders were generally concerned that provider and employer membership fees will not provide long-term financial sustainability but it is too early to tell if their new model will achieve the income they need.

NSA for Creative and Cultural Skills

Approval date

May 2008 (Round 2)

NSA structure and governance

The NSA is a wholly owned subsidiary of Creative and Cultural Skills but are independent (although there is some cross-over in terms of Board membership). They have 14 members of staff.

The Board has 16 members including major sectoral employers such as Livenation, and two of the Founder Colleges.

Main business objectives

The mission is 'to create world-class training for the world's greatest stages' to tackle:

- a shortage of technically skilled individuals for theatre and live music events due to increase in demand, changing technologies, and an aging workforce
- an over-supply of publicly funded courses that do not lead to jobs creating over qualified but under-skilled individuals.

The NSA wants to create a 'network' or club of employers and training providers that will work at entry level and with the existing workforce to:

- increase the supply of new individuals to the industry with the right skills and experience
- update the skills of individuals in the industry
- create a movement to change perceptions about creative industries and to provide a strong and clear voice to influence education services.

NSA model of operation

The NSA aims to work initially with the FE sector (where there has been little or no interaction between education and creative and cultural employers); and to provide a virtual learning environment offering bite size learning, information and advice on careers and courses, a way to catalogue individual learning (using skills passports) and information about the network members.

The NSA operates a 'hub and spoke' model: a small administrative 'hub' which will eventually be based at their new state-of-the-art facility in Thurrock (in 2011); and 'spokes' operating in different geographic locations, each led by a 'Founder' FE college.

The NSA sees their role primarily as facilitation and communication in order to:

- build a family/membership community
- broker links between employers and FE colleges
- develop new bespoke courses and work-based learning opportunities.

A secondary role is intelligence and quality assurance – mapping out and then vetting and quality assuring what training is available (and identifying gaps).

How the NSA works with employers and providers

- One of the distinctive features of the NSA is the establishment of the ‘Founder College’ model i.e. a network of 20 ‘founder member’ providers (all colleges) strategically and geographically located throughout the country. This is viewed by stakeholders as an innovative model which has facilitated stronger links between providers and industry.
- The NSA operates what it terms a ‘partnership’ rather than a ‘badging’ model with providers. The Founder Colleges have their own Principals Group which meets four times a year and works on NSA strategy alongside the main Board. In addition, two Principals also sit on the Board.
- Founder Colleges pay an annual membership fee of £20,000 each which means that the NSA has a strong underlying stream of income of £400k per year.
- The next step will be to set up regional networks and include a wider range of providers, such as universities and private training providers.
- The ‘Founder College’ model has formed the basis of a strong provider network, which has facilitated good partnership working, sharing of information and good practice.
- A wide range of employers is involved with the NSA (e.g. theatres, exhibition providers); there are mainly employer representatives on the Board. One stakeholder thought there was an under-representation of freelance and third sector organisations.
- As well as financial contributions, employers also contribute their expertise and resources to NSA initiatives e.g. use of theatres and event centres.
- Employers are arranged in regional groupings. The NSA role is to set up a dialogue between employers and providers: the NSA-employer relationship is outside of the delivery model as providers deal with this direct. This also helps to keep central costs down.

Measures of NSA impact

Main impacts so far are seen in terms of:

- establishment of a strong provider network of 20 Founder Colleges which are all in place; the impact of this is in terms of encouraging the sharing of good practice and developing stronger links with industry. It also raises the profile of the FE sector with employers and what it can offer in terms of skills training.
- attraction of over 230 employer members who each pay a small flat-rate fee to the NSA.
- development of a new creative Apprenticeship scheme to encourage a wider range of young people into the sector at sub-degree level; this was seen to represent a cultural shift for the sector, which had up to now been dominated by graduate-entry jobs. The NSA has become an Apprenticeship Training Company in its own right so that it can hold the funding centrally and respond more flexibly to employer demand. This also means that the NSA employs apprentices directly and places them with different employers to parcel their training and work experience together, bringing in more SMEs who do not have to commit to funding an apprentice for the full three-year period. From a base of zero, there are currently 300 apprentices and the target is to achieve 1,125 over three years.
- the NSA also won funding through the Future Jobs Fund. Although this has now come to an end, they were able to place 113 young people into jobs out of a target of 132.

Stakeholder rating of progress

Stakeholders interviewed were all very positive about NSA progress and achievements within its first full 12 months.

They considered that the NSA has been very responsive in terms of raising awareness of training needs within the industry and developing stronger links between providers and employers.

Specific developments/initiatives included:

- raising the profile of 'offstage' career opportunities in the industry with young people (in lighting, music, technical skills etc.) through organising 25 careers events in schools, targeting learners from 13-16 years
- development of the creative apprenticeship pathway – which is completely new within the industry
- NSA staff had organised a range of profile-raising events e.g. a series of road shows aimed at employers and providers, and a national conference.

Added value for employers and providers

The following points about 'added value' appeared to be more in terms of 'potential' added value, as the NSA had only been a year in existence at the time of interviews.

Employers

- being able to exercise more influence over training providers; ensuring that technical workers in the industry are going to be trained and qualified to an appropriate standard
- the NSA will act as a 'capacity-generating tool' for employers and generate new entrants into the sector.

Providers

- sharing of ideas and good practice across the network – this was a point emphasised by some providers, who felt strongly that the interaction between providers from different parts of the country would not have happened without the NSA
- the network was also encouraging a more innovative approach to curriculum development; and providers felt they were becoming more aware of skills gaps and responsive to the needs of industry
- the added value for providers of having the NSA brand attached to programmes and being able to use this on publicity materials is that it signifies industry approval and national recognition.

NSA sustainability

There were generally positive views from the NSA and among stakeholders on future sustainability. The main elements of the strategy were:

- 'Founder College' membership model
- funding secured for the new Centre of Excellence at Thurrock – viewed as one of the ways of generating revenue in the future, through direct provision of training, renting out training facilities etc
- membership fees from employers
- additional funding from the Skills Funding Agency to become an 'apprentice training company'
- some additional funding from the Arts Council England.

Stakeholders perceived the main perceived threats to NSA sustainability as:

- maintaining the employer membership base; the NSA losing 'buy-in' from the industry was seen as a potential risk, especially once employer-provider relationships got off the ground
- potential loss of political commitment to the concept of NSAs

- there did not seem to be any impact from the economic recession as yet but a few stakeholders thought there was likely to be in future because of cutbacks in public funding.

NSA for Hospitality

Approval date

May 2008 (Round 2)

NSA structure and governance

The NSA has a high-level National Board with 14 members, comprised mainly of representatives from major employers in the sector including McDonalds, Travelodge, Accor Hotels, and Compass Catering Group. There is also membership from the People First SSC, British Hospitality Association and one major hospitality FE provider.

Main business objectives

- Facilitate the 'elite' of learning opportunities within the sector by endorsing high-quality existing provision thereby developing a nationwide network of approved courses delivered to NSA quality standards. Delivery could be via FE, HE, employers or dedicated hospitality training centres.
- Also aim to enhance the image of the sector to improve the skills pipeline.
- Focus is on areas related to management and leadership; customer service; and craft skills (in particular professional cheffing).

NSA model of operation

- The main focus is national: they do not aim to develop a regional structure as they do not want to get sidetracked by regional priorities. However, the NSA does work with the regions, through the RDAs, offering NSA products and services as appropriate.
- The NSA business model is based on attracting support/funding from the industry rather than top-slicing (i.e. from providers); therefore the model is dependent on ongoing support from employers and the effective development and franchising of NSA products and services.
- The NSA endorses high-quality courses in areas identified as of key importance to the sector e.g. where there are acknowledged skill shortages – so far focusing on three core learning areas of management and leadership, customer service, professional cheffing.
- Development of Advanced Apprenticeship Management Development programme in NW region (in partnership with Living Ventures restaurant group); aimed at people wanting to run their own restaurant or bar, therefore designed to support SMEs.
- New customer service qualification developed by the SSC and implemented by the NSA; offered at L2 to frontline staff and L3 to supervisors and managers; this is a 'thin

qualification' designed in response to employer needs. The initiative is linked to the sector's involvement in the London Olympics.

- 'Smiles of Britain' campaign (linked to improving customer service); based on research into negative perceptions of overseas visitors of standards of customer service in the UK; targeted at frontline staff in the sector.
- 'Young Chefs Academy' now offered by 24 colleges and is a 10-week programme offered to 14-16 year olds, endorsed by industry.
- Chef Master classes: series of one-day master classes targeted at professional chefs and catering students; delivered by 'celebrity chefs' and specialists in particular types of cuisine.
- Workshops and 'webinars' for senior staff in the sector offered by the Disney Corporation: the aim has been to raise awareness of skills training and development among staff and to 'cascade down' the importance of good customer service throughout the organisation; sponsored by employers in the sector.
- 'Mystery shopping and benchmarking' offer to employers: provides feedback to companies about how they can improve their services to the public; this has generated a lot of interest from employers with over 1,000 taking it up so far.

How the NSA works with employers and providers

- The NSA has engaged positively with employers around various initiatives, mostly focused on customer service training, leadership and management development, and customer service benchmarking as described above (e.g. Apprenticeship programme, Disney programme, Smiles of Britain campaign).
- At this stage the focus is more on working with large and medium-sized employers; however, there was awareness among stakeholders that SMEs formed the majority of businesses in the sector and the NSA would also have to address the needs of small businesses.
- Providers are required to submit to a rigorous quality assessment process if they want to gain NSA-approved status; only a small number have been approved so far.

Measures of NSA impact

At the time of the research:

- 300 learners had achieved the Advanced Apprenticeship Management Development at Level 3.
- Progression from the Junior Chefs programme into industry-relevant provision was running at around 60 per cent.
- 400 learners had taken the new customer service qualification at Level 2.

- The Disney programme has attracted a lot of interest, with over 1,000 individuals attending from 200 companies; and this has also helped raise the profile of the NSA. The plan is to continue the programme on a yearly basis.

Stakeholder rating of progress

There has been a strong focus in the first year on launching new products/services in response to industry needs e.g.:

Added value for employers and providers

Potential added value to employers through:

- helping employers achieve a better understanding of the skills landscape and how to access funding for training programmes: one employer stakeholder commented that there were over 400 qualifications linked to the industry and this was confusing for employers; different funding streams for different parts of the UK could also cause confusion.

Added value for providers:

- those achieving NSA-endorsed status can be 'sold' to the industry as offering the best provision available, which can help attract new business. One provider reported that membership of the NSA had brought about approximately £40,000 in new business so far and was therefore good value for money.

NSA sustainability

- Main focus of future sustainability is on support from employer partnership/sponsorship of programmes; selling products and services; and providers paying a marketing fee which covers the cost of NSA quality assessment.

Risks to sustainability

- need to ensure that products being offered satisfy the needs of industry
- there has been a risk to sustainability in light of cutbacks to core funding for customer service qualifications, which has led to a reduction in the size of the programme
- economic recession has had a particular impact on hotels and restaurants – this has led the NSA to move towards attracting funding from 'associate businesses' in the supply chain. In another respect, the recession has been beneficial, as employers tend to be more focused on training and skills to give them a competitive edge.

NSA for Sport and Active Leisure

Approval date

May 2008, (Round 3).

NSA structure and governance

The NSA is a wholly owned subsidiary of Skills Active. The Board comprises nine members of whom six are large employers. They also have regional teams in five regions.

Main business objectives

- To provide a single, coherent approach to skills training in five sub-sectors; sport, fitness, outdoor activities, play work and caravanning.
- Create a network of quality-assured training providers delivering learning that is responsive to employer needs.
- Being innovative in using and influencing funding.

NSA model of operation

- Developing a network of quality-assured training providers with centres of excellence (covering key sectors: health and fitness; leisure operations; physical activity). The NSA is giving initial priority to the training needs of these sub-sectors over other smaller sub-sectors (caravanning, play workers) as part of the business plan.
- The NSAs operate on either a national basis (with large employers and providers) or regionally. A regional structure has been established but is more developed in some parts of the country than others (mainly north and south) – the plan is to phase in the other regions.
- Development of an on-line academy – in particular aimed at national governing bodies whose clubs are often run on a voluntary basis and who need to train volunteer coaches, officials and administrators to upskill or maintain their skills.
- Various new programmes including the development of the Advanced Apprenticeship in Sporting Excellence for young people aged 16-18; an Apprenticeship Expansion programme; Future Jobs Fund; National Coaching Investment programme; and development of an Outdoor Induction award.

How the NSA works with employers and providers

- Stakeholders held mixed opinions. Some (mainly employers, and the SSC) thought that employer engagement had been effective, building on work previously done by the SSC. According to one, the NSA had successfully identified employer needs – the

problem was resistance within the Skills Funding Agency and FE sector to directing resources towards employer-led training.

- The NSA reports employer membership to be increasing and that there are hundreds of employers working with the NSA to review their training plans, leading to potential sales.
- A Skills Protocol has been established for the leisure sector, with trade associations signing up to several principles including to work only with NSA-approved providers and to ensure that all employees have a Skills Passport which the NSA will deliver. The trade associations cover hundreds of employers within the leisure sub-sector. The NSA is looking to develop this approach in other sub-sectors.
- The NSA had established a network of around 70 approved providers; the issue for some providers was that this network was too large and had been set up before the NSA had the capability to deliver extra learners to the sector. At the time of the research the NSA was reviewing and rationalising their provider membership. Providers are assessed on the basis of quality (e.g. Ofsted, TQS), employer engagement, and flexibility/resources.

Measures of NSA impact

- The Apprenticeship Expansion programme had achieved 800 out of a target of 1,400 places at the time of the research and was running on track.
- The Future Jobs Fund programme brought in an additional £48 million of funding to the sector and created 5,500 six-month training and work experience placements for young people.
- The NSA had around 200 employer members at the time of the research and estimates they are actively engaged with around 300-400 employers at any one time across their range of activities. The number of employer members is on track with the business plan.
- One of the challenges for the NSA has been the size and diversity of the sector. There are already a range of well-established training organisations meeting the needs of the sector, so it has been a very competitive environment to operate in.
- The NSA was generally seen to have a fairly low profile as yet within the sector; they were still working on getting the brand more established. Some stakeholders felt there was a lack of clarity about the NSA role in relation to the SSC, and a risk of duplicating existing provision; in particular it was unclear to some providers what the NSA role was.

Stakeholder rating of progress

- Some stakeholders saw lack of support from government and the Skills Funding Agency as the biggest barrier to progress; in failing to back the business plan, they had made it difficult for the NSA to match private with public funding. One employer

stakeholder felt strongly that all funding for training in the sector should be funnelled through the NSA; failure to go down this route had meant the NSA lacked resources to meet employer training needs.

- General consensus was that the NSA had been successful in attracting additional project funding in its first year e.g. from the Future Jobs Fund (before this was cancelled by the current government), the Mayor of London's Olympic Fund, coaching bursaries and funding for an Apprenticeship scheme.
- Employer stakeholder views on progress were generally more positive than those of providers: the NSA was beginning to gain recognition among employers more widely and build reasonable representation from across the sector on the national Board.

Added value for employers and providers

- There were some positive comments from stakeholders e.g.: there was added value for employers in that the NSA was introducing a more consistent approach to training delivery; employers could rely on NSA-endorsed provision as being of a consistently good standard.
- The NSA is beginning to take on a central negotiating and commissioning role on behalf of industry employers. For example in West Yorkshire all the local authorities have decided to pool the commissioning of their statutory training programmes (e.g. first aid, safeguarding children) through the NSA – the NSA negotiates on their behalf and leads discussions with providers to achieve more cost-effective training.
- Further efficiencies are being achieved for industry employers through the NSA co-ordinating across 28 sports for the common delivery of shared coaching units.
- One provider had derived some benefit through joint development with the NSA of a pre-employment training programme; although this had been a positive achievement for their organisation, the stakeholder saw it as an individual example. A key issue for some providers was that they were signed up to pay an annual contribution to the NSA but, for some, there had been no learners coming through as yet, contrary to expectations; they therefore felt they had lost revenue without receiving any benefit.

NSA sustainability

As a Round 3 NSA, they still receive development funding. The NSA operates a top-slicing model charging providers five per cent commission on any revenues they gained through the NSA and this is an important element of the business plan.

The NSA has been very successful in attracting external funding (e.g. Future Jobs Fund and Olympic Fund in the London region).

Future sustainability depends on development of products and services, with a strong focus on Apprenticeships; and one-off partnership initiatives. It was the slow rate of development of these that appeared to be the main issue for many stakeholders.

Risks to sustainability

The main risk (from providers' perspectives) was slow progress in the first year of existence and the need to provide evidence of added value, in order to build up trust and confidence with both providers and employers.

Stakeholders had mixed views on the impact of the recession on NSA progress: while some thought this had had a real impact on access to both public and private funding, others thought the impact was minimal and pointed out that the sector as a whole was doing quite well despite the economic downturn. As with several other NSAs, one stakeholder was concerned about future funding cuts in the public sector and possible change of policy direction under a new government.

NSA for Retail

Approval date

July 2008 (Round 3)

NSA structure and governance

There are 12 national Board members including major national employers such as Boots, John Lewis and Marks and Spencer. Representation also includes shopping centre developers such as Westfield and Land Securities.

Main business objectives

- To provide access to world-class skills and business support for all types of retailers.
- To improve the perceptions of careers in the sector.
- To create a consistent national approach for training and skills.

NSA model of operation

The Skills Academy comprises a series of 'skills shops' around the UK, mainly in shopping centres and high streets. Most are physical locations, but some are virtual online skills shops. They are set up and managed independently and pay a licensing fee to the NSA to deliver kite-marked training and use the badge on marketing materials. The skills shops sell courses on to employers. The courses are developed by the NSA itself, in consultation with member employers.

The idea was developed before the NSAs came into existence, but the NSA has been responsible for its rapid expansion. The aim is to have 70 skills shops UK-wide after five years (with an interim target of 50 after the three-year development period): there are currently 31 in England and one in Wales, with more in development in Scotland and Northern Ireland. The NSA plans to extend skills shops to include a retail 'jobcentre' and set up a website that matches applicants with vacancies.

The NSA has also developed bespoke short courses including the Mary Portas Master class series for owner-managers in SMEs; a Staying Compliant programme bringing together training on health and safety, food hygiene and underage selling regulations in one simplified programme; and training on customer service and selling skills.

How the NSA works with employers and providers

Engagement with large national employers is done through the SSC in the first instance who then hand over the lead to the NSA employer engagement team to follow up on delivery. Medium national employers are initially engaged through the Skills Shops network, while the NSA works with the Association of Town Centre Managers and Shopping Centres to reach smaller enterprises.

The employer offer is deliberately flexible adopting a 'pick and mix' style approach – the NSA considers this is the most appropriate model for such a large and diverse sector.

Providers are put through a quality assurance process and individual trainers go through a rigorous interview programme before they can become approved. CPD and other training opportunities are on offer to providers from the NSA.

Measures of NSA impact

They are beginning to make an impact, for example:

- The NSA is ahead of its interim target in terms of the number of Skills Shops, and is starting to extend into other parts of the UK.
- The Mary Portas Master class programme has had a very positive response, with six courses being run in the first two weeks since launch and 75 people completing the training. The NSA views this as a potential stepping-stone to engagement with other elements such as training delivered via the Skills Shops.
- A careers pathway tool has been delivered, 250 Retail Ambassadors are in place to improve the image of the sector among young people, and Rising Star awards have been established to enhance the image of the sector and the profile of the NSA.

Stakeholders felt that it was too early to assess the impact as the NSA is still young. Their expectation was that the NSA is likely to increase the quantity of learners as the introduction of a quality standard means retailers are more likely to send their staff on training courses (previously training was done in house because of the huge variation and generally low standard of retail courses). Stakeholders also expect a better quality of entrants to the sector as the NSA promotes the benefits of working in retail.

In proportion to the number of workers in the sector, retail skills shops have only had a small impact in upskilling the sector so far, but it is a long-term plan.

Stakeholder rating of progress

Most stakeholders considered the NSA to be making good progress considering they are fairly new. Main successes that stakeholders identified were:

- they are ahead of schedule in terms of the number of skills shops up and running
- employer engagement has been good, there are some major players on board, and retailers are generally receptive to what is a very new concept (previously employers had not worked collaboratively and few offered external training)
- introducing a respected quality standard to the sector where one had not previously existed/been used.

However, stakeholders felt there needs to be greater collaboration between the skills shops (at the moment they are run on a very individual basis) and that marketing and communications need to improve.

Added value for employers and providers

Employers get:

- bite-size, tailored provision that is close to their site
- the knowledge that the NSA courses are high quality (until now there has been a huge variation as no quality standard is used across the industry)
- a powerful voice to lobby government.

Shared Apprenticeship schemes such as the one run by Bluewater Shopping Centre remove the administrative complexity and financial commitment of taking on an apprentice for small employers, as they are employed directly by Bluewater. The apprentices complete key skills and retail knowledge training before being placed in a series of different retailers to gain in-work experience.

The NSA provided two examples of employers who have gained added value from its programmes, both of them large national department stores. One now specifies that all recruits must complete NSA pre-employment training as they regard this as a high-quality preparation for working in the sector which helps them reduce labour turnover. The other has trained 300 people in Level 2 Customer Service qualifications via the NSA, and has found that in those stores where the training took place, labour turnover and absenteeism have reduced. The chain is now seeking to expand the training to a further 17 branches and extend it to include the Level 3 qualification and Apprenticeships.

NSA sustainability

The NSA is heavily dependent on government funding and for certain projects (e.g. Apprenticeships), so there is some anxiety around the change of government and possible changes to skills policy (such as Train to Gain). In response the NSA are placing more emphasis on full-cost recovery programmes.

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