



National Audit Office

A REVIEW BY THE
NATIONAL AUDIT OFFICE
OCTOBER 2009

Institute of the Motor Industry (IMI)

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Part One

Preface

1.1 Sector Skills Councils (SSCs) are partially publicly funded, employer led organisations that cover specific economic sectors in the United Kingdom. They have three key goals:

- Raising employer engagement, demand and investment in skills;
- Ensuring authoritative Labour Market Information for their sectors; and
- Development of National Occupational Standards and ensuring qualifications meet employer needs.

1.2 There are 25 SSCs, covering about 85 per cent of the British workforce.

SSC Relicensing

1.3 Sector Skills Councils operate under licence from the UK Government.

1.4 The UK Commission for Employment and Skills (UKCES) is responsible for arrangements for relicensing the SSCs with the aim of ensuring the Councils will be more sharply focused on raising employer ambition and investment in skills at all levels, articulating future skills needs of their sector and ensuring that the supply of skills and qualifications is driven by employers.

1.5 The UK Commissioners will make their recommendations on whether to relicense or not to the Secretary of State. The Secretary of State for Innovation, Universities, and Skills, in consultation with Ministers in Scotland, Wales, and Northern Ireland is responsible for awarding a new licence.

The National Audit Office Role

1.6 The National Audit Office has been asked by the UK Commission for Employment and Skills to undertake an Independent Performance Assessment of each Sector Skills Council to help inform decision making by the Commissioners.

1.7 We have undertaken the assessment in accordance with the UK Commission's relicensing framework for Sector Skills Councils and not as part of NAO's wider Value For Money programme to provide assurance to Parliament

Part Two

Executive Summary

2.1 The Institute of Motor Industry (IMI) was granted the Sector Skills Council licence in September 2007 after the previous SSC, Automotive Skills Limited was disbanded.

2.2 IMI comprises two elements, the Sector Skills Council and the professional body (membership organisation). For the purposes of this report, we have only commented upon the Sector Skills Council element of work.

2.3 IMI have retained the title Automotive Skills and use this for the development and production of research and qualifications. This is to draw a clear line of delineation between the SSC and the awarding body element of their work. The retention of the Automotive Skills name has, however, led to some confusion with employers and stakeholders. This was an obligation on the transfer of licence and IMI would like to remove the Automotive Skills brand.

2.4 Whilst IMI took on some initiatives and projects started by the previous Council, many have been developed from scratch and a great deal of time in early 2008 was dedicated to building relationships with industry and trying to repair some of the issues encountered by Automotive Skills Limited.

2.5 Our assessment of IMI against the Relicensing Framework identified strong performance across each of the four key themes. In particular: employer engagement; leadership; strategic planning; standards and qualification development; and the development of sector specific solutions. We also identified a number of areas for improvement, including: marketing and communication; improving financial linkages to the directorate and strategic plan; and ensuring that micro businesses and smaller independent employers are not overlooked.

2.6 The key areas of strength include:

- High level of commitment from the Board members in developing and driving forward the vision and strategic objectives.
- Strong direction and leadership from the Chairman and Chief Executive.
- Strong evidence that IMI is employer led with high levels of support from employers and stakeholders.
- The Strategic Plan includes clear vision, mission, and strategic objectives based on extensive research and consultation with employers.

- IMI works well in partnership and has developed a range of advisory fora with high levels of representation from employers across all the sub-sectors.
- Highly motivated staff committed to providing high quality service.
- Development of the Sector's Qualifications Strategy, which has involved employer and stakeholder consultation across the four nations and also has broad support of the awarding bodies, qualification agencies and funding agencies.
- High level approach to the management of National Occupational Standards which has resulted in a complete review of existing qualifications and the creation of a number of new suites of standards, an approach which supports the pace of change in the sector.
- IMI works well with other SSCs on the development of diplomas and cross sector National Occupational standards. IMI is working in Northern Ireland on the delivery of essential skills.
- Development of a range of Sector Specific Solutions, following extensive consultation with employers and stakeholders.
- The development and roll out of the Automotive Technician Accreditation scheme which is seen as exemplary by the sector.
- Development of a Quality Improvement Strategy which underpins the Training Quality Standard.
- Development of a clear and concise performance reporting system.
- Evaluation is embedded across the SSC at both project and programme/ process level.

2.7 The areas for improvement include:

- Employers are aware of IMI as a professional body but are less familiar with its products. IMI needs to improve its communications and marketing, especially with small and micro businesses to raise awareness of its work and its outputs.
- Whilst there is strong evidence of effective engagement with stakeholders in all nations, a small number of stakeholders involved with qualifications in Scotland and some of the Regional Development Agencies suggested that engagement could be improved.
- IMI has a strong brand but needs to ensure that the delineation between the Sector Skills work and that of the awarding body is clearly articulated in communications with both employers and stakeholders.
- IMI has developed its financial policies and procedures. However, there needs to be closer alignment between directorate and strategic planning and financial planning. In addition, IMI needs to develop a longer term financial plan which covers the whole period of the strategic plan.

- IMI has yet to develop systems to allow evaluation of its impact at the national level on gross value added to the sector.

2.8 Commissioners may wish to explore the following issues in more detail with IMI:

- The approach IMI is taking to raise the profile and priority of the Retail Motor sector and allied trades in Government, and within the strategies of the Regional Development Agencies, especially in the current economic climate.
- What is being done to change the perception that all the retail motor sector is in decline as a result of the recession and is not a viable career option when many parts are in fact buoyant, for example, sales of used cars and repairs and maintenance.
- The relationship between IMI as the professional body, awarding body and SSC and whether there is any conflict or overlap either real or perceived.
- Whether IMI has developed solutions that will address the longer term changes to the motor industry, for instance, hybrid cars and the change in technology and skills that will be required.

Theme 1: A Well Run SSC

2.9 IMI is an employer led organisation. The Board comprises senior representatives from industry and includes trade union representation.

2.10 We found unanimous support from the employers and stakeholders that we spoke to for the leadership currently provided by the Chief Executive. We were told that she helped to raise the profile of the sector, and has driven through substantial change, which is making a real difference to the sector. In addition, we received over 200 letters of support for IMI from employers.

2.11 IMI has recently launched its Strategic Plan for 2009-12. The plan is based on extensive research and was developed in consultation with employers and stakeholders. It sets out a clear vision and direction for the sector over the next three years and is underpinned by a range of key performance target indicators. However, the plan does not link its priorities to the resource allocations available within the Council.

2.12 We received generally positive feedback on IMI's engagement with stakeholders. Engagement in the four nations is seen as strong through the nations/regional managers.

2.13 IMI was able to demonstrate that it has good financial controls. It has recently written a financial handbook and reviewed all financial processes. It has reviewed and updated procurement processes and recently appointed a new Financial Director with experience in both the charity and public sectors. No concerns were raised during the last audit of IMI's financial statements.

2.14 IMI has achieved Investors in People accreditation.

Theme 2: SSC Core Products and Services

2.15 IMI's research is used by employers, Government departments, academia and the media. Overall the feedback we received from employers and stakeholders referred to the quality of the research produced.

2.16 IMI has developed the Sector's Qualifications Strategy which has been well received. The action plans for each nation were delivered to time.

2.17 IMI is currently refreshing its Sector Skills Agreements as they were approved in March 2007. It is undertaking a range of research to underpin this work which will be presented in a State of the Nation report. The completed Sector Skills Agreements will be available towards the end of 2009.

2.18 Since 2008, IMI has undertaken a complete review of all the National Occupational Standards for which it is responsible. IMI has adopted a high level approach by engaging employers to help it assess all the National Occupational Standards. It has also developed a number of new suites of National Occupational Standards (an increase of 37 per cent) to ensure that industry has the opportunity to develop qualifications in areas where none previously existed.

2.19 IMI is on target to deliver against its Qualification and Credit Framework migration plans. It is currently rated as "Green" by UKCES.

2.20 Employers consider that IMI has worked well promoting apprenticeships. Its efforts in this area initially resulted in improved uptake with completion rates above the national average. However, in recent months, the number of apprenticeships has declined as a result of the downturn within the sector.

2.21 IMI is supporting other SSCs in the development of the Diplomas for Engineering and the Retail Sectors for 14-19 year olds. IMI is working to ensure that there is an automotive pathway contained within the diploma structure.

Theme 3: SSC Sector Specific Solutions

2.22 IMI has consulted widely with employers and stakeholders to develop sector specific solutions. These include solutions for use across the UK and for the individual nations.

2.23 IMI works with other SSCs and supports the Alliance of Sector Skills Councils, for example, through leading on essential skills in Northern Ireland. Feedback from stakeholders was positive about IMI working with other SSCs.

2.24 IMI has developed a range of innovative programmes. So far, some 15,000 individuals have undertaken the Automotive Technician Accreditation assessment since its launch in 2005. This scheme, developed by IMI, is voluntary within the industry but is seen by employers as an exemplary product. Every employer that we spoke to rated the programme as excellent and a considerable step forward for the industry.

2.25 Autocity has been launched as a website giving careers advice for those interested in entering the industry. With over 150 job profiles and real time video clips of individuals at work, it has received over 100,000 hits. IMI has also developed a CD version for use by careers advisers and schools.

2.26 The Headlight Initiative provides curriculum linked resources to support the learning process, focussing on business and enterprise in the automotive industry and raising awareness of career opportunities. At the moment 100 schools have registered and the plan is to publicise this more widely across the UK.

2.27 Skillmiles provides a means of measuring the financial and non-financial contributions to the skills agenda by employers and, so far, over 100,000 skillmiles have been completed which equates to £1 million cash value.

Theme 4: SSC Results and Impacts

2.28 The Board of Directors monitors the performance of IMI activities on a monthly basis. Monthly progress monitoring is also carried out by the Senior Management team.

2.29 The Strategic Plan and Business Plan are UK wide. Qualitative and quantitative performance indicators and targets have been developed to measure short and long term outcomes.

2.30 IMI has commissioned evaluations of key projects, for example, the Automotive Technician Accreditation scheme. The lessons learned are to be applied for future programmes.

2.31 IMI is a learning organisation, open to constructive comment and able to adopt and develop practices from other organisations to fit its own needs and requirements.

Part Three

Context for IMI's Work

3.1 Automotive Skills Limited was the original Sector Skills Council for the retail motor trade. It was formed from the National Training Organisation, the Motor Industry Training Council. The Chief Executive of Automotive Skills Limited was appointed on 1 October 2003 and it was granted the SSC licence in 2004.

3.2 In October 2006, the previous Chief Executive of Automotive Skills Limited resigned and the Chief Executive of IMI was asked to act as interim Chief Executive until the future of the Council was determined.

3.3 Automotive Skills Limited closed in July 2007 and IMI was granted the residual SSC licence in September 2007. IMI is a not for profit company, limited by guarantee. IMI employs 48 staff. Eight staff transferred from Automotive Skills Limited into IMI but only three of these remain within the organisation. The headquarters of IMI is in Brickendon (Hertfordshire) and it has staff working in and covering the English regions, Scotland, Wales and Northern Ireland.

3.4 IMI was formed during the 1920s as a professional body to progressively improve the standards of all individuals working in the retail motor industry and allied trades. The current Chief Executive of IMI was appointed in January 2002.

3.5 As well as being the SSC for the Automotive Sector, IMI is a long established professional body. (IMI has a wholly owned awarding body within its overall group of companies.)

3.6 IMI's income is around £7 million a year and core funding from UKCES is £1.7 million a year. This equates to £2.83 per employee.

3.7 IMI's footprint covers approximately 69,000 businesses which employ around 600,000 people. The footprint covers the diverse sectors of: light vehicle maintenance and repair; heavy vehicle maintenance and repair; motorcycle maintenance and repair; fast-fit operations (tyres, exhausts, batteries,); accident repair; body building; parts distribution and supply; vehicle sales; vehicle rental and leasing; roadside assistance and recovery; lift truck maintenance and repair; windscreen fitting; motorcycle sales and motor sport maintenance and repair.

3.8 The industry is dominated by micro businesses. 40,000 employ less than five staff, and 56,000 employ less than 10 staff. Only 100 companies have more than 500 staff. The sector contributes approximately £30 billion to the UK economy per annum. This equates to £50,000 per employer, above the UK average of £35,000.

3.9 Males make up nearly 80 per cent of the workforce. Some 88 per cent of the workforce is based in England, with 28 per cent in London and the South East. Six per cent of the workforce is based in Scotland, four per cent in Wales and two per cent in Northern Ireland.

3.10 The economic downturn is having a major impact on the Automotive sector. New car sales in the UK have dropped by over 58 per cent based on January 2009 figures and new commercial vehicle sales have seen a similar percentage drop. A number of automotive businesses have closed and staff have been made redundant. The second hand car market, however, is buoyant and research predicts an increase in the value of these vehicles by the end of 2009.

3.11 Public perception of the motor industry is quite low. It was threatened with a super complaint from the National Consumer Council in 2004 (Consumer Focus) and the sector does not look particularly attractive to employees or investors. IMI has a key role in rebuilding confidence both inside and outside of the sector and addressing the skills to support the main public concerns of poor customer service and management.

3.12 Key priorities in the sector include:

- Improving management and leadership;
- Continuing to raise the professionalism in the sector through adult learning by having appropriate benchmarks, codes of practice and professional and occupational standards which breed confidence; and
- Highlighting the new opportunities and career paths that are available in the sector.

3.13 IMI's vision is that it will help the automotive industry improve its image by being the authoritative source of information, standards, qualifications and professional registration.

3.14 Underpinning the mission, IMI has developed six strategic goals:

- Retaining influence and creating strategic alliances;
- Maintaining financial viability through generating new and keeping existing income streams;
- Increased engagement with employers, particularly small and medium enterprises;
- Raising the value and increasing the participation of membership through professional registration;
- Expanding and enhancing National Occupation Standards, qualifications and training provision to meet the needs of employers and individuals; and
- Creating increased demand for skills and professional development.

Part Four

A Well Run SSC

The SSC is employer led, has the confidence and support of employers in its sector and is a strategically and operationally effective organisation.

4.1 In 2007, the **Governance** of the IMI was reviewed to bring the directors in line with competency based board members. An industry representative Board of 21 was replaced by an Executive Board of 12. The refreshed Board has high levels of sector coverage as well as trade union representation, but membership has been based upon the competency of individuals rather than to achieve representation of the sector. The competencies cover knowledge of the IMI and the automotive industry, management experience, communications and some specialist technical knowledge. Whilst UKCES has accepted the Board representation to date, IMI is aware that it needs to increase Devolved Administration representation. The most recent Board appointment represents Scotland. There are plans to provide more national coverage as vacancies arise, but competencies will still remain a priority.

4.2 The Executive Board meets every two months and has a number of sub committees including; Nominations; Audit and Remuneration; Standards, Research and Development; Communications and Marketing; and Professional Standards and Grading. These normally meet quarterly and membership of these committees varies. The Nomination Group is chaired by a Vice President and the others are chaired by a Board Member. All committees report back to the Executive Board.

4.3 There are plans to evaluate the effectiveness of the Board in setting strategies, monitoring the organisation and delivering impacts. However, this has been deferred until July 2009 pending a review of the role and remit of the Board and its sub committees.

4.4 There are National Employer forums in the Devolved Administrations, chaired by sector specialists and in Scotland by a Board Member and an Awarding Body Forum. Both fora are used to collect and canvass views and to consult on products.

4.5 In addition, IMI has a Stakeholder Assembly to pull together the views from Government agencies, trade and professional associations ensuring its strategic needs are met.

4.6 IMI has 12 Vice Presidents who occupy non-executive positions and are used as ambassadors and advisors. All have extensive working knowledge of the sector and have influence and involvement with policy development.

4.7 All Board members undergo mandatory training to ensure they remain up to speed on their competences. The Board also undergoes regular evaluation of its performance by the Chair and, in due course, by independent consultants.

4.8 We were informed by staff and employers that the Board provided robust and rigorous challenge. For example, the Strategic plan for 2009-12 was submitted to the Board for approval in October but was returned as requiring further work, direction and evidence. It was subsequently approved after significant changes were made.

4.9 We observed a Board meeting which was well managed and chaired. There was full participation from all concerned and robust challenge across all topics on the agenda. Officers were questioned on specific details as well as format and presentation of items and requests for changes made.

4.10 We were told by both employers and stakeholders that the Chair provides strong leadership; he is a good ambassador for IMI and the industry, to Government in England and the Devolved Administrations as well as employers and stakeholders.

4.11 The Chief Executive is well regarded both by the staff of IMI and by employers and stakeholders. She has good contacts within Industry and with Government, sitting on the Department for Business, Enterprise and Regulatory Reform Committee looking at retail across all sectors. We were told by both employers and stakeholders that, since being appointed in January 2002, the Chief Executive is credited with raising the awareness of and the profile of IMI, and changing how it is perceived from a professional body to one that delivers and with a good reputation. Staff commented upon the support provided to them and the improved morale of the organisation.

4.12 The governance procedures in place are considered to be effective. IMI demonstrated that it is strong on process especially in risk management and planning. New financial control systems have been introduced following a review which was instigated by the Chair of the Audit and Remuneration Committee, which was overseen by the external auditors. The Chair of the Audit and Remuneration Committee is also Treasurer of the IMI group. A new Finance Director has been appointed to oversee the implementation of all new financial processes.

4.13 IMI has appointed a Chief Operating Officer to undertake the day to day operational management of the organisation. This was approved by the Board and has received support from employers and stakeholders. It will allow the Chief Executive to undertake more outward facing engagement and focus on strategy.

4.14 The Senior Management team is consultative, engaging and supportive. We received positive feedback from employers and stakeholders on its professional approach and its knowledge of the sector. The Senior Management team meets monthly and it uses these meetings to monitor performance and report to the Board.

4.15 The Communications and Marketing team regularly provides information and research data to the media on IMI products and achievements. The Communications team provides marketing Information to the Management team monthly on media coverage. However, there is no analysis undertaken by the Communications team on the effectiveness of coverage, penetration, or impact of its approach. Employers we spoke to, whilst aware of the role and objectives of IMI, had difficulty identifying product.

4.16 The **Strategic Plan** is considered by those we spoke to as robust and well founded. It was developed using SWOT (strengths, weaknesses, opportunities and threats) and PEST (political, economic, social and technological) analysis and contains a detailed risk assessment. The Strategic Plan does not link activities to the IMI financial allocations and therefore it is difficult to see a link between budget and priorities. The Plan has wide industry support and covers all of the footprint as well as the Devolved Administrations. There are robust procedures in place to ensure the plan is realistic, scrutinised and challenged by the Board, Vice Presidents and the employer forums to ensure it is fit for purpose.

4.17 Underpinning the Strategic Plan are detailed business objectives, cascading down to departmental plans and individual personal plans and objectives. There are clear links between these plans and staff are aware of how their objectives and work help to deliver the strategic plan.

4.18 A new budget process introduced by the newly appointed Finance Director oversees the delegation, control and monitoring of finance down to Departmental (directorate) level.

4.19 The SSC benefits from the strong track record of **Employer Engagement** of IMI as a professional body. These include a contacts database and close relationships with the Scottish Motor Trades Association, Retail Motor Industry Federation and Vehicle Builders and Repairers Association and Society of Motor Manufacturers and Traders. In addition, it is using manufacturers and part suppliers to collect and record employer contact details to ensure its database is up to date. These employers are also used to disseminate information and as consultative groups.

4.20 IMI has recognised that there are still gaps in its engagement, especially with small and independent employers. IMI has developed a new Stakeholder Engagement Strategy and a separate Small and Micro Business Engagement Strategy with the aim of improving engagement and raising awareness. They are planned to be rolled out in 2009-10 and it is too early to say how effective they will be.

4.21 IMI has recognised it needs to improve the sharing and recording of contact details internally and to improve the quality of the data it holds on employers. A contract was awarded in May 2009 to implement a customised Customer Relationship Management System.

4.22 IMI has two managers based in Scotland, one based in Wales and one based in Northern Ireland. Feedback from employers we spoke to in the nations expressed high levels of satisfaction from their local representatives on the level of contact, IMI's knowledge of the sector and the products on offer from IMI.

4.23 In England, three Managers cover the English Regions. Some employers expressed concerns that the English regions were not as well served as the Devolved Nations. All the Managers were appointed over the past 18-24 months, with the English Managers being appointed in the last 3-18 months.

4.24 Strategic influence is demonstrated by Board and officer involvement with Government and with policy development. The Chief Executive Officer has engaged closely with BERR and we received positive feedback from BERR about her level of engagement. IMI members have been effective in representing the sector to Government. For example, members advised and were consulted on the recent “Scrappage” scheme, another member sat on the Cabinet Office Group and the Prime Minister’s Group is looking at providing support to the Automotive sector.

4.25 The employers supported IMI. They believed that there was active engagement and appropriate representation and consultation. The Strategic plan and vision was, in general, supported. In addition, employers said that the staff and management of IMI, in particular the Chief Executive, were particularly strong in representing and supporting the Industry.

4.26 One issue raised by employers and stakeholders was the potential overlap between IMI the SSC and IMI the Awarding Body. Some employers said they were unsure when speaking to IMI which body they were meeting. IMI has retained the Automotive Skills Limited brand which it uses for the development of qualifications and research. Whilst IMI has a clear conflict of interest policy between the two bodies and told us it had been fully tested by the Board, it would benefit from more communication and greater transparency in roles.

4.27 We were told there may be conflict between the setting of standards and developing qualifications. The IMI deals with eight **awarding bodies** and maintains good relations with them. They informed us that they considered IMI to be responsive, proactive, a good communicator and engaged well with the sector to understand their needs. The main concern was the relationship between IMI and IMI Awards.

4.28 The Skills for Business survey of Employers (2007) found that engagement in the previous 12 months with Automotive Skills Limited had increased from one to seven per cent but this was below the UK response of 13 per cent. The survey has not been repeated since IMI took over the licence.

4.29 The Skills for Business survey of Automotive Skills Limited Stakeholders (2007) found that 75 per cent of those responding had detailed knowledge of the roles and responsibilities of the Council against an average of 69 per cent across all sector skills councils. The number of stakeholders who had frequent or regular contact with the Council was 60 per cent, (average of 68 per cent), and 62 per cent said they had very or fairly close contact (average 68 per cent). The survey also showed that 70 per cent respected (average 71 per cent); in terms of advocacy 38 per cent would proactively recommend to others (average 44 per cent), and in terms of overall performance 64 per cent were satisfied (73 per cent).

4.30 Stakeholders are generally positive about their working relationship with IMI. We were told by stakeholders that IMI works closely with Trade Associations, Supplier Groups and the industry federations to engage and to consult widely.

4.31 We were told that several IMI staff, including the Chief Executive Officer have visited all the Regional Development Agencies. As agreed with the UK Commission for Education and Skills, the early meetings were limited to keeping the lines of communication open. The Automotive Retail sector is not considered to be a priority sector in any region, though the development of business and upskilling in general was. Currently there is little alignment of strategies and objectives between IMI and the Regional Development Agencies.

4.32 Regional Development Agencies told us that engagement varied between regions, dependant upon involvement in the Sector Skills Agreement or attendance at events. Most Regional Development Agencies were not consulted on development of the Sector Skills Agreement (these were developed by Automotive Skills Limited) or aware of the engagement strategy. We were told that the lines of communication and speed of response was considered to be poor and IMI needs more investment in raising its profile.

4.33 During 2008-09, IMI staff have also visited the Learning and Skills Councils in each region.

4.34 IMI has built up good relationships in the **Devolved Nations**.

- In **Wales**, we were told that engagement has improved since the appointment of the Country Manager. IMI is seen to be playing a significant role in improving the image of the sector and raising awareness of career potential. Some concerns were raised on capacity and IMI's ability to engage fully with all small and micro businesses.
- In **Northern Ireland**, IMI is seen as collaborative and engaging well with stakeholders and with the Department for Employment and Learning. We were told by the Department for Employment and Learning that it is a well led organisation having the full support of employers. It engages regularly with stakeholders through forums, and collaborates in staging events.
- In **Scotland**, we were told that IMI is actively involved with stakeholders across Scotland and has increased its visibility through media contact. Stakeholders raised concerns as to whether IMI was adequately resourced to reach all small businesses in Scotland.

4.35 The **Financial Position** of the SSC is stable reporting a surplus of over £100,000 for the year ended 31 March 2009. The reserves policy is in line with guidance from the Commission. The most recent external audit report did not raise any matters for concern.

4.36 A new Finance Director was appointed in March 2009. The main task for this officer is development of the long term budgets, linking these to business plans and producing a full financial plan. She is also revising the risk register, updating the financial plan and finalising the financial handbook.

4.37 The monthly management accounting reporting process has recently been improved, to provide more detailed financial profiling. Budgets have been delegated to Heads of Departments who have received specific financial training. IMI has told us that it will be examining options relating to new sources of income to ensure future sustainability.

4.38 We found the **staff** working at IMI to be motivated, enthusiastic and professional in their approach. They have a broad mix of experience in research, education and industry. Personal and professional development is encouraged and supported. Turnover is relatively low (average 17 per cent) and satisfaction is high.

4.39 Staff told us they are stretched, although they are still able to deliver outputs. However, the Automotive Technicians Accreditation scheme has over 15,000 technicians currently registered, but there are potentially up to 100,000 in the sector capable of joining. The potential reach of Automotive Managers Accreditation could be double this and the number of apprenticeships could also rise. The ability of IMI to cope with the increase in outputs is a concern raised by employers and partners.

4.40 IMI has “**Investors in People**” registration.

Strengths

- The Chief Executive Officer provides strong visible leadership and is held in high regard in the sector.
- Staff are enthusiastic and knowledgeable.
- A strong and committed Board which provides robust challenge and oversight.
- IMI works well in partnership and has developed a range of advisory councils, and national fora to engage employers and help stakeholders understand the issues.
- Engages well with stakeholders and employers at all levels, including Government.
- The Strategic plan is well developed and links business and personal objectives.
- Good working relationship across the Devolved Administrations.

Areas for Improvement

- Clearer communication of the processes in place to prevent a conflict of interest between IMI as the SSC and the Awarding Body.
- Financial planning to be developed with clearer links between the directorate and strategic plan.
- Engagement of micro and independent organisations.

Part Five

SSC Core Product and Services

The SSC provides a clear, credible and coherent voice for employers on the skills and qualifications needs of the sector backed by high quality Labour Market Intelligence, standards and qualifications development.

5.1 IMI's current **research strategy** was refreshed in March 2009 following consultation with employers, stakeholders and the Senior Management team. The IMI has also produced a Research Plan for 2009-10 which maps the strategic business objectives against research projects. The plan sets out estimated costs and planned timescales.

5.2 In collecting and developing its **Labour Market Intelligence**, IMI uses both internal and external sources of data. IMI currently has one Research Manager and a new Research Assistant. Where appropriate, it outsources a large amount of its research and relies on secondary data sources such as the Labour Force Survey. As a result of its resource constraints, IMI has had little opportunity to carry out bespoke research.

5.3 IMI is an active member of the Intelligence Network and arranged an SSC meeting with the heads of research of each Sector Skills Council to discuss the best approach to research for the Automotive sector.

5.4 The majority of stakeholders and employers we consulted knew that IMI produced research but some did not access it. The Regional Development Agencies and Learning and Skills Councils were not aware of IMI's Labour Market Intelligence. In the most recent Skills for Business Survey of Stakeholders (2007), 75 per cent of those providing ratings had received or looked at Labour Market Intelligence supplied by IMI (considerably above the UK average of 67 per cent across all SSCs).

5.5 IMI is increasingly trying to make its research more accessible. For example, it has produced a sector profile for Scotland and England and intends developing a profile for Wales and Northern Ireland. It has tried to inform stakeholders and employers about its research by disseminating it at motor shows and other trade events.

5.6 To date, much of the research has informed the **Sector Qualifications Strategy** and will inform revised Sector Skills Agreements. The Sector Skills Agreements were all agreed by Automotive Skills. IMI carried out a sense check of the data within these agreements and is formally reviewing them now. They will be fully updated by Christmas 2009. It has agreed action plans which have been regularly reviewed and updated. Its plans are linked to national priorities and set clear milestones against targets.

5.7 In October 2007, IMI began a consultation process to develop its Sector Qualifications Strategy. It engaged directly with over 200 employers and used trade and professional bodies to target small and medium sized enterprises. Although a small sample, this group reached 60,000 employees, 10 per cent of the footprint. The Sector Qualification Strategy was signed off in March 2008.

5.8 Although IMI carry out research across each of the Nations, some Scottish stakeholders raised concerns about the robustness of the data underpinning the Sector Qualification Strategy. They told us an insufficient number of employers had been consulted and the document did not reflect the actions that had been identified in the Sector Skills Agreement. IMI told us, and we have seen evidence, that 20 Scottish employers were directly consulted and the Scottish Motor Trades Association, representing 800 employers, supported the Sector Qualification Strategy. This consultation equates to eight per cent of the workforce in Scotland.

5.9 Stakeholders in Northern Ireland and Wales felt the Labour Market Intelligence produced was appropriate for the nations and up to date.

5.10 IMI has developed an Automotive Retail **National Occupational Standards** Strategy. This strategy sets out the review and development process for the standards. The Council has undertaken a collaborative review of all its National Occupational Standards. It now has 18 suites of National Occupational Standards and the review saw its portfolio increase by 37 per cent. Standards will be reviewed and refreshed on an ongoing basis.

5.11 IMI told us it hopes to have the majority of sector qualifications onto the **Qualification and Curriculum Framework** by the end of 2009. IMI will need to keep this target under review and the Qualification and Curriculum Authority believe it should prioritise the qualifications it wants the awarding bodies to submit to the Qualification and Curriculum Authority.

5.12 On **Qualification Reform**, IMI is currently given a rating of “GREEN” by the UK Commission for Education and Skills and is expected to deliver on schedule.

5.13 IMI is aiming to develop “units of common content” as a basis for the qualifications reform. The members of the Awarding Body Forum and Employer Fora have signed up to this approach. The awarding bodies have all contributed to enable collaborate research to be undertaken. They will co-operate and collaborate in the development and revision of the qualifications.

5.14 The Regional Development Agencies informed us that, in general, they believe IMI is good at the technical side of qualifications, but this is perceived by one RDA to be expected given IMI’s links to IMI Awards.

5.15 The IMI has Apprenticeship Frameworks in place at Levels Two and Three. It inherited these frameworks from Automotive Skills and is waiting for the new Government Blueprint on apprenticeships to be published before reviewing the frameworks. Apprenticeship programmes currently exist for the following sectors: vehicle fitting; vehicle maintenance and repair; vehicle body and paint operations; roadside assistance and recovery; vehicle parts operations; and vehicle sales. The development of the apprenticeships schemes has been undertaken closely with employers and providers.

5.16 Between August 2007 and April 2008, apprenticeship take up in England was 10,847. This slowed to a take up of 1,502 between May 2008 and July 2008. The decline in the level of start ups can be partly explained by the economic downturn. The success rate between August 2007 and April 2008 was 49.4 per cent. In Scotland, 821 apprentices started between April and December 2008. The success rate over the same period of time was more positive with 55.2 per cent completing successfully.

5.17 The IMI worked closely with Semta (the Sector Skills Council for Manufacturing) to develop the Diploma in Engineering. To date there have been 4,232 registrations on the Engineering Diploma. However, it is unclear how many of this total has registered in the Automotive sector. IMI is currently working with Skillsmart Retail to develop a diploma in retail which will be launched in 2010.

5.18 IMI does not have a Higher Education Strategy. However, it has good links and collaboration with Higher Education Institutes specialising in automotive degrees at the University of Loughborough and Cardiff University. The Higher Education Funding Council for England carried out a survey to capture engagement between universities and SSCs. In 2007-08, 32 of 130 universities reported that they were engaging with IMI. This is higher than the majority of SSCs.

5.19 IMI offers a Foundation Learning tier. This is part of the wider 14-19 and vocational qualifications reform programme. It aims to improve the skills of learners working below Level Two, through a credit based qualification at Level One.

5.20 IMI has an Awarding Body Forum with eight members. The awarding bodies we consulted thought IMI had produced good work for the industry and was proactive in addressing subjects such as apprenticeship training. They felt IMI invested in establishing good working relationships with awarding bodies.

5.21 IMI Awards is a wholly owned subsidiary of IMI. IMI Awards is a member of the Awarding Body Forum. Some employers and stakeholders told us they do not consider this relationship to be transparent, despite the conflict of interest policy which is in place. Some stakeholders and employers do not understand the distinction between the SSC and IMI Awards. The SSC told us that it is trying to manage this situation and has developed separate branding for the two organisations, a separate website and telephone number and actively tries to communicate the distinction to employers and stakeholders.

Strengths

- IMI gives good coverage of the footprint.
- IMI has robust evidence to underpin the National Occupational Standards and qualifications.
- IMI recently carried out a complete review of its National Occupational Standards suites and developed new standards which industry saw as a priority.
- SQS has broad support from a range of partners and stakeholders.
- IMI has a sound approach to qualification development and works with a range of partners to deliver quality products.
- Good progress is being made with diplomas.
- IMI is working well with other SSCs on initiatives such as Diplomas, cross sector National Occupational Standards, and Key Skills.

Areas for Improvement

- IMI needs to improve engagement with both micro and independent employers to facilitate more joint working within their industries.
- Research needs to be more widely publicised and the research strategy needs to be fully implemented.
- More transparency around the separation of roles between IMI Awards and IMI. Timetable to ensure all stakeholders are comfortable with GoSkills' ability to meet the Government set deadline.

Part Six

SSC Sector Specific Solutions

The SSC can demonstrate a compelling employer offer which addresses sector skill priorities, including cross sector skills, with defined routes to market.

6.1 The research carried out by IMI has informed the Sector Qualifications Strategy and Action Plans and has led to the development of a portfolio of products across all nations.

6.2 The projects have been well received by employers and stakeholders. With the exception of the Automotive Technician Accreditation scheme, the impact of the projects has not been fully realised as they are in pilot stage or have not been fully implemented. However, IMI is evaluating the impact of the pilot projects to help them achieve maximum impact.

6.3 The **Automotive Technician Accreditation** scheme is a voluntary assessment programme designed in response to the industries Super Complaint against the automotive service and repair industry. By regularly testing the competence of the technicians, it is intended to provide reassurance to customers as well as raising the professional status and credibility of skilled individuals and their businesses. The scheme is open to franchised and independent technicians and the scheme is backed by all major vehicle manufacturers with more than one per cent market share and independent service and repair organisations as well as consumer groups. To become ATA registered, an individual must pass a comprehensive and rigorous series of tests of practical skills and knowledge and sign up to an ethical code. To ensure that they keep up to date with technology, technicians need to be reassessed every five years to maintain their accreditation.

6.4 An independent evaluation of the Automotive Technician Accreditation Scheme has been carried out and the findings were disseminated at the British International Motor Show. The evaluation was based upon evidence collected from over 400 technicians, employers, and assessment centres. For technicians, the evaluation found that overall accreditation had a positive impact on their life and career in terms of better prospects, skills and career satisfaction. Technicians found the accreditation easy to access and most were satisfied with the practical testing. Some 25 per cent thought it difficult to achieve, either because standards were too high or took too long. Over 50 per cent have since undertaken further training. For employers, the main benefits found were improved business image, recognition for the skills available and better career prospects. Over half believed that their business had improved as a result of employees being accredited. The main concern expressed by both technicians and employers was that the accreditation was not sufficiently widely recognised by the industry and its customers.

They believe that as the process continues and gains momentum, there will be greater knowledge of the value for technicians and the industry which will promote the process.

6.5 To date, 15,000 individuals have been accredited. We had positive comments from the majority of stakeholders and employers on the accreditation scheme. Many named this scheme as one of the Councils biggest impacts.

6.6 IMI has signed an agreement with the Society of Operations Engineers to absorb the administrative and development responsibilities for the **irtec scheme**. This is a voluntary licence to practice in the Heavy Vehicle Maintenance and Repair sector. This partnership will result in a consistent approach for the quality assurance of irtec and the Automotive Technician Accreditation Scheme.

6.7 IMI submitted a proposal for a **National Skills Academy** in 2008. The Department for Innovation, Universities and Skills received 16 bids of which only four met the selection criteria. IMI's bid was unsuccessful. IMI has told us that it will carry out more research on this if relicensed.

6.8 IMI has been awarded three **Train to Gain** contracts that total about £1 million:

- The East of England contract totals £375,000 for 424 adult learners. Expected delivery outcomes will include 301 learners achieving full Level Two and 35 learners achieving full Level Three.
- The South West contract totals £113,449 for 150 adult learners. Expected delivery outcomes will include 58 learners achieving their first full Level Two qualification and nine achieving their first full Level Three.
- The South East contract totals £354,406 for 330 adult learners. Expected delivery outcomes will be 21 at Literacy Level One; 27 at Numeracy Entry Level Three; 30 for learners with learning difficulties and/or disabilities; 280 at Full Level Two; and 50 at Full Level Three.

6.9 The Automotive sector is dominated by men with women making up only 20 per cent of the sector, mainly in customer service, sales and administration positions. IMI has successfully run two phases of the **Women in Work** project. Phase One saw 1,114 women take part and a further 740 women took part in Phase Two. IMI has received funding for Phase Three and it aims to adopt a different approach to this phase, working closely with 20 women who have been made redundant.

6.10 IMI has carried out research on career choices and this demonstrates that the retail automotive sector is a low priority for entrants. The SQS highlighted the need to make the Automotive sector more attractive to new recruits. IMI has developed two projects to attract suitable entrants into the sector. The projects are Autocity and Headlight.

6.11 Autocity was launched at the Motor Show in July 2008. This project was originally launched by Automotive Skills but IMI developed this product into an on-line web portal which contains information on 150 careers in the Automotive sector. We received positive comments about this website from the majority of stakeholders and employers. Since its launch, there have been over 100,000 hits on the website.

6.12 Headlight is a new initiative. Developed by IMI in conjunction with specialist teachers through the National Schools Partnership, it offers a series of creative curriculum linked teacher and student resources with the motor industry as the backdrop. Aimed primarily at students following Key Stage Four business related courses, Headlight is aimed at improving the image of the industry. In addition to the curriculum based activities, students can also participate in a competition which is judged by industry experts. Headlight needs to be fully implemented as only 100 schools have currently signed up. IMI is working with a partner to increase coverage to a further 4,000 schools.

6.13 The Sector Qualification Strategy identified Management and Leadership as an area that needs to be developed further within the Automotive sector. Only 14 per cent of managers in the sector currently hold a Level Four qualification.

6.14 IMI has developed and is piloting the **Automotive Management Accreditation** scheme to raise the level of management and leadership skills and professionalism of managers in the sector. The scheme is similar to the Automotive Technician Accreditation but it is based on existing management and leadership National Occupational Standards.

6.15 IMI has shown its commitment to the **Skills Pledge**. Evidence from the Department for Innovation, Universities and Skills shows that, in August 2008, IMI had successfully signed up 68 companies.

6.16 IMI has taken responsibility for **Skillauto**, the **Skills Competitions** for the Retail Automotive sector. Competitions take place in the Paint, Body Shop and Light Vehicle Maintenance sectors. It is also working closely with World Skills which takes place in Canada towards the end of the year by developing support materials to stimulate interest amongst employers.

6.17 Skillmiles was launched in February 2008. The scheme provides a means of measuring the financial and non-financial contributions to the skills agenda by employers. Employers from each of the Devolved Nations have agreed to be part of this scheme. Seventy eight employers have signed up to Skillmiles to date. The employers we consulted, who were part of the scheme, believed it was an effective way to show commitment to training.

6.18 Pre-apprenticeships are work based learning pathways, open to 14-16 year olds. They are broadly supported by the industry. However, some Northern Ireland stakeholders raised concerns around the appropriateness to the industry and the likely impact on the take up of apprenticeships.

6.19 IMI has a dedicated Quality Development Manager responsible for liaising with stakeholders. The Quality Improvement Strategy is designed to underpin all SSC work on National Occupational Standards and qualification development by improving training delivery of these products for the benefit of employers. The work being carried out on quality improvement was prompted by IMI's research which highlighted employers' dissatisfaction with the quality and quantity of current training provision. IMI revised and updated its Quality Improvement Strategy in April 2009. The strategy highlights five projects that will help develop quality provision through:

- Research to understand current training provision;
- Communicating with the networks – Driving Forward;
- Providing training provider information;
- Teacher, trainer and assessor development; and
- Introducing, driving and supporting the Training Quality Standard.

6.20 To date, IMI has supported Land Rover, Jaguar, Scania, BMW, S&B Automotive, Skillnet and one Further Education college, Manchester College, to achieve the Training Quality Standard.

6.21 IMI has been working closely with Scotland's colleges to develop Scotland's Industry Exchange and Quality Development Project. This project will offer training providers the opportunity to visit leading vehicle manufacturers and exchange placements with industry. This work has been conducted in partnership with leading vehicle manufacturers, Scania, Honda and Land Rover. This opportunity will be provided to colleges in June 2009. The project has been referred to by the SSC Alliance in Scotland as exemplary. The Alliance is using this model and is going to roll it out across other sectors in Scotland.

6.22 IMI has developed a number of sector specific projects covering the Devolved Nations as well as England. These projects include:

- A series of projects with Scotland's Colleges to support both learning providers and employers on delivering a quality programme through exchange programmes between colleges and industry.
- An Inspirational Leadership Seminar will be hosted in Northern Ireland to give direction to future skills development interventions for the Motor Industry. It anticipates 200-300 Managers from the sector will attend.
- In Northern Ireland, IMI has received funding to conduct a formal review of automotive training provision to establish and create delivery models for training for all learners. The provision is set to meet the needs of the local motor industry and cover the range of automotive apprenticeship frameworks available to the sector.

- IMI has also received funding in Northern Ireland to organise a competition for recently or almost qualified apprentices across a wide range of specialisms with a view to improving competitive skills and increase the likelihood of Northern Ireland success in the UK and World Skills Competitions.
- IMI has appointed a leading trainer of advanced diagnostic techniques to work with the six colleges and one private training provider in Northern Ireland to provide diagnostic technical training to the lecturers and training specialists.
- In Wales, IMI has received funding to develop Work Based Learning Pathways in the Retail Motor Industry.

Strengths

- The development and roll out of the Automotive Technician Accreditation is regarded as exemplary by the sector.
- The Automotive Management Accreditation (AMA) has been well received by industry and has been developed in response to a clear need in the sector.
- The careers work has been well received by the sector, for example, Autocity and Headlight.
- The work on Skillsmiles is seen as a positive step for the industry.
- IMI has a Quality Improvement Strategy which aligns with the Training Quality Standard.
- A number of sector specific solutions have been rolled out across the Devolved Administrations.

Areas for Improvement

- IMI has identified and developed a range of sector specific solutions. However, AMA needs to be implemented and the others solutions further embedded within the sector.
- Sector specific solutions should be publicised more to raise awareness of the sector to potential employees and employers.

Part Seven

SSC Results and Impacts

The SSC has set ambitious and realistic targets in relation to skills priorities of the sector which are used to measure the direct results and shared impacts of SSC products, services and solutions.

7.1 The Board provides oversight of the activities of IMI and receives regular reports on performance. IMI has identified 20 key objectives against which progress is reported. Individual officers have each been allocated responsibility for delivering objectives.

7.2 The Strategic Plan and Business Plan are UK wide and targets are set and reported on across the board. A range of performance indicators and targets, both qualitative and quantitative, have been developed to measure short and longer term outcomes. Progress on achievement is reported monthly to the Executive team and bi-monthly to the Board.

7.3 Individual action plans for all nations have been developed. Details on activities, timelines, involvement of stakeholders and partners and actions and outcomes are included and prioritised. In addition, these are reviewed and updated on a regular basis to take account of completed actions and changes in priorities and circumstances. Stakeholders in the Devolved Nations told us they were pleased to be involved in the process.

7.4 The Skills for Business Survey of Stakeholders, 2007, found 64 per cent of respondents were satisfied with the overall performance of IMI, below the national average of 73 per cent. The lowest satisfaction was in Wales and the highest was England.

7.5 IMI has developed an evaluation strategy to measure and track impacts across the sector. IMI has agreed and is progressing with both programme level and individual project evaluations.

7.6 Autocity, Headlight and Skillsauto have submitted evaluation project plans, including full project plans, objectives, outputs and budgets, which have been agreed and are ongoing. For Autocity, IMI plan to use Google Analytics to plot peoples' journeys from the end of the academic year 2008-09. Skillauto is currently collating registrations and results for competitions to use as baseline data for future evaluation.

7.7 IMI commissioned an evaluation of the Automotive Technician Accreditation (ATA). The key findings of this evaluation were:-

- One of the main reasons for taking part in this scheme was for self development rather than financial rewards, which was stated by 89 per cent of candidates;
- Taking part had a positive effect on 70 per cent of candidates in terms of career prospects better skills and job satisfaction;
- Over half of candidates have undertaken further skills training;
- Employers believe that Automotive Technician Accreditation has enhanced their business, with 65 per cent agreeing with this.
- Nearly all employers (98 per cent) provided support to employees undertaking accreditation; and
- The main weakness was that Automotive Technician Accreditation was not sufficiently widely recognised by industry or customers as a sign of quality.

7.8 The impact of the Automotive Technicians Accreditation programme and the lessons learned are to be applied in the development of future programmes such as the pilot Automotive Management Accreditation scheme. The Automotive Management Accreditation pilot has itself been subject to evaluation before being rolled out to a wider audience. The initial finding showed that feedback from the Automotive Management Accreditation survey has been largely positive. The main concerns have been around the assessment processes and where Automotive Management Accreditation is going, especially around the importance of raising industry awareness. IMI is addressing these issues as it takes the pilot forward. The slow and steady approach was adopted to ensure that provision met existing demands and allowed growth at steady pace.

7.9 IMI is not currently able to demonstrate its impact on gross value added to support wider economic development in the four nations.

7.10 Employers cited that the most significant impacts of IMI to date are:

- Automotive Technician Accreditation has provided recognition of skills and competencies;
- IMI has provided a cohesive voice for the sector which has a reputation for being fragmented; and
- ATA has had a positive effect on recruitment to the Automotive sector.

Strengths

- Has developed a range of indicators to monitor and measure performance and achievement.
- Evaluation is embedded across the SSC at both project and process level.
- Raised awareness and competency standards through Automotive Technician Accreditation.
- A voice for the sector.

Areas for improvement

- No evaluation of impact at national level.
- Clearer explanation of the target setting process in the strategic plan and directorate plans.
- More communication, internally and externally, on impact and achievements.

Technical Annex

Performance Assessment Methodology

Background

The National Audit Office (NAO) has undertaken this Independent Performance Assessment of the Institute of the Motor Industry at the request of the UK Commission of Employment and Skills.

It has undertaken the assessment in accordance with the assessment framework set out in the relicensing framework for Sector Skills Councils published by the UK Commission for Employment and Skills.

The purpose of the Assessment Framework is to assess the capacity and capability of the Sector Skills Council against four key themes:

- The SSC is employer led, has the confidence and support of employers in its sector and is a strategically and operationally effective organisation;
- The SSC provides a clear, credible and coherent voice for employers on the skills and qualification needs of the sector backed by high quality Labour Market Intelligence, standards and qualification development;
- The SSC can demonstrate a compelling employer offer which addresses sector skill priorities, including cross sector skills, with defined routes to market; and
- The SSC has set ambitious and realistic targets in relation to skills priorities of the sector which are used to measure the direct results and shared impacts of SSC products, services and solutions.

Each key theme has a number of key tests and assessment questions which we have used to scrutinise the evidence across the four nations and prepare our report.

Evidence

The Commission asked us to conduct our reviews to a very tight timetable and with the least burden on the Sector Skills Council.

We reviewed Sector Skills Council generated evidence for a period of two weeks before collecting evidence more directly from staff, employers and local stakeholders during a one week site visit to the Sector Skills Council. During this week we conducted a number of interviews and focus groups and observed meetings.

We chose a random sample of employers to interview, ensuring we covered as far as possible the full range of Council footprint. We also invited comments from employers and other stakeholders through our and the UK Commission's website. To measure the wider reach and engagement of the footprint, we examined the results of the Sector Skills Development Agency's 2007 census.

We collected information centrally from:

- The UK Commission for Employment and Skills.
- Central Government departments.
- Each of the Devolved Administrations through visits to Belfast, Cardiff and Glasgow.
- The Regional Development Agencies.
- The Learning and Skills Councils.
- Skillsplus UK (Local Government Employers).
- Awarding bodies.

To make our assessment we also reviewed a wide range of internal evidence including:

Expressions of Interest, Strategic Plans, Business Plans, Board Constitution, Minutes and attendance, Audit and Remuneration minutes, Operational plans, National and Regional plans, Sector Skills Agreements, Research Strategies, capacity and capability reviews, customer and staff satisfaction surveys, complaints procedures, SQS and SQRP strategies, Sector Skills Action, Plans Labour Market Intelligence and plans, Employer Engagement Strategies, Take-up statistics, Stakeholder surveys, International Research data, Website materials, Memoranda of Understanding, Compact arrangements, stakeholder maps, performance review records, market assessments and external audit reports.

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