



National Audit Office

A REVIEW BY THE
NATIONAL AUDIT OFFICE
OCTOBER 2009

ConstructionSkills

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Contents

Part One	
Preface	4
Part Two	
Executive Summary	5
Part Three	
Context for ConstructionSkills's Work	10
Part Four	
A Well Run SSC	12
Part Five	
SSC Core Product and Services	20
Part Six	
SSC Sector Specific Solutions	26
Part Seven	
SSC Results and Impacts	30
Technical Annex	34

For further information about us
please contact:

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7000
Email: enquiries@nao.gsi.gov.uk

Newcastle Office
First Floor
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Tel: 0191 269 1820

For further information please
contact:

David Corner
Director

Tel: 0191 269 1891
Email: david.corner@nao.gsi.gov.uk

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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 Our assessment of ConstructionSkills against the Relicensing Framework identified strong performance against a number of the key tests including; employer engagement, apprenticeships, being at the forefront of a range of initiatives and delivering a range of innovative products, for example, placing learning facilities on construction sites as an approach to the National Skills Academy. It also identified some areas for improvement including clarification around aspects of governance, communicating clearly the role of the Sector Skills Council and evaluating the outcome of its work more fully.

2.2 The key areas of strength include:

- A partnership approach to being a Sector Skills Council that brings synergies to existing functions and a more strategic approach to skills for the sector;
- Governance and employer engagement mechanisms that enable extensive interaction with the industry, including at a high level;
- Influencing Government in each of the four nations;
- Labour Market Intelligence that builds on the work of others, that is well used both internally and externally;
- Development of a forward modelling tool that acts as a significant catalyst for engagement;
- Being at the forefront of a number of initiatives including Sector Skills Agreements, Sector Qualification Strategy, 14-19 Diploma and National Skills Academy;
- An apprenticeship framework that is comprehensive in its coverage, viewed positively by employers and stakeholders and is constantly being reviewed and improved;
- Developing a wide range of sector specific solutions that build on Labour Market Intelligence and address gaps in the market; and
- Within CITB-ConstructionSkills, a clear cascading of targets and clear reporting of results to employers and stakeholders through a score card system.

2.3 We also identified some areas where ConstructionSkills needs to make improvements including:

- Clarifying the roles and responsibilities of the governance tiers and ensuring adequate challenge at Council and Strategic Partnership Panel meetings;
- Communicating more clearly with employers and stakeholders the services offered by ConstructionSkills and how to access them;
- Tackling perceptions by part of the sector that ConstructionSkills is not sufficiently focused on the needs of professional employers and the Higher Education sector;
- Evaluating the usefulness of the labour market forecasts given the perceptions of its accuracy in the current economic climate that we found among users; and
- Evaluating the outcome of its work as a Sector Skills Council and reporting performance as ConstructionSkills rather than separate bodies.

2.4 Commissioners may wish to explore the following issues in more detail:

- What further actions ConstructionSkills is planning to take to ensure that the role and responsibilities of different governance arrangements are clear and that there is adequate challenge;
- How ConstructionSkills can ensure that employers and stakeholders understand the full range of products and services offered and how to access these;
- Whether sufficient attention has been given by ConstructionSkills to professional employers and the higher education that supports this sub-sector;
- Whether the financial risks currently being addressed by the accountable body, CITB-ConstructionSkills, pose any risks to the effective functioning of the Sector Skill Council;
- Whether ConstructionSkills will be able to migrate National Vocational Qualification to the Qualification and Credit Framework in time; and
- Many of what are now Sector Skill Council functions were previously undertaken by the partners. Beyond bringing these three bodies together, has there been clear and sufficient added value to the sector since the existence of the Sector Skills Council.

2.5 ConstructionSkills is a partnership between CITB-ConstructionSkills, the Construction Industry Training Board (Northern Ireland) and the Construction Industry Council. It is a large organisation with a number of non-Sector Skill Council functions. CITB-ConstructionSkills and Construction Industry Training Board (Northern Ireland) cover the trade part of the industry in Great Britain and Northern Ireland respectively while the Construction Industry Council covers the professional part of the industry across the whole of the UK.

Theme 1: A Well Run SSC

2.6 ConstructionSkills has attracted a number of high profile individuals to its Board, including the Chair who led a Government review of the sector in 1994. Many employers and stakeholders commented positively on the governance arrangements following ConstructionSkills' review of its governance. Some employers and stakeholders, however, criticised the continued complexity of the governance and were not always clear about the different roles and responsibilities of the different tiers of governance forums. We observed meetings of two key elements of the governance, the ConstructionSkills Council and Strategic Partnership Panel, and found these meetings to be participative. Both, however, lacked a high degree of challenge.

2.7 ConstructionSkills has extensive consultative arrangements involving some 110 forums, 77 of which are working groups for the development of National Occupational Standards. This allows for a high level of consultation with the industry.

2.8 ConstructionSkills has an extensive network of advisory services staff who are the primary contact with employers and stakeholders. Employer awareness of ConstructionSkills, as measured by independent surveys, is both rising and above the cross Sector Skill Council network average.

2.9 ConstructionSkills engages well with Governments in the four nations. Generally relations with employers and other stakeholders were good but three weaknesses were identified:

- Many felt that communication could be improved as they perceived ConstructionSkills to be bureaucratic and the services offered not clearly communicated. ConstructionSkills are introducing a Strategic Account Management process to clarify engagement initially with a limited number of large employers;
- Employer awareness was good, relative to the cross network average, for each of the Construction sub-sectors. Within this, however, there were variations. In particular, it was significantly lower for the professional sub-sector than the trade sub-sector; and
- In Northern Ireland, stakeholders and employers commented on the confusion caused by the dual identity of the Construction Industry Training Board (Northern Ireland) and ConstructionSkills.

2.10 CITB-ConstructionSkills is accountable for the finances of the ConstructionSkills partnership. In 2007, ConstructionSkills reported a deficit of £1 million and in 2008 it reported a deficit of £13 million but is currently forecasting a breakeven position in 2009. As at 31 December 2008, CITB-ConstructionSkills was not achieving the reserve level agreed with the Department for Innovation, Universities and Skills and is not expecting to do so until 2013. Nonetheless, ConstructionSkills considers itself to have a strong balance sheet overall.

2.11 An independent survey found that staff satisfaction is high and rising within ConstructionSkills. Employers and stakeholders commented positively on the leadership of the Chair and Chief Executive.

2.12 Staff described how being a Sector Skill Council has brought a renewed focus on strategy to the partner bodies as well as significant synergies with pre-existing functions.

Theme 2: SSC Core Products and Services

2.13 ConstructionSkills' Labour Market Intelligence builds on the work of others and is well used both internally, for example, to inform projects and strategy and externally, for example, to inform wider Government strategies. ConstructionSkills has a forward modelling tool that is discussed with employers and stakeholders in a series of forums, known as the Construction Skills Network Observatories and therefore acts as a catalyst for engagement. We found, though, that many employers and stakeholders view the forecasts as too optimistic and we found only limited examples of where the model was being used by employers and stakeholders.

2.14 ConstructionSkills' work on National Occupational Standards is well received by employers. It has a process that ensures its 77 suites of National Occupational Standards are kept up to date throughout the year.

2.15 ConstructionSkills has been at the forefront of Sector Skills Councils for the development of Sector Skills Agreements, Sector Qualification Strategies and the development of 14-19 Diplomas. Its apprenticeship framework is comprehensive and well received.

2.16 Employers in the Construction sector have raised concerns about the move away from National Vocational Qualifications as a result of the qualification reform process. ConstructionSkills has represented these views to Government and gained ministerial support. Concerns are, however, emerging among some Government stakeholders that the stance of ConstructionSkills' employers is posing risks to the overall delivery of the transition programme.

2.17 Despite a number of specific deliverables for both specialist occupations and higher education, some employers and stakeholders we spoke to felt that these were not receiving sufficient attention, usually measured by looking at what ConstructionSkills is doing for other parts of its sector.

Theme 3: SSC Sector Specific Solutions

2.18 ConstructionSkills has developed a wide range of products which meet skills issues including helping apprentices facing redundancy, the need for training to follow the regional demand for construction, and the lack of provision of specialist skills.

2.19 The National Skills Academy for Construction was one of the first academies to be established in 2006. The Academy bases itself on large construction sites, thereby filling a gap in training provision where it is required locally. There are currently 28 construction projects, including six on the Olympic site, where academies are in place. ConstructionSkills also has The National Construction Colleges to provide training in specialist skills, such as being a steeple jack or working with cranes, at six locations across the UK.

2.20 ConstructionSkills has made a significant response to the issues facing the sector as a result of the recession. These include developing an apprenticeship matching service, that helps find new employment for displaced apprentices, and producing specialist training and guidelines for employers. As part of this work, ConstructionSkills is working with Government on updated procurement policies which include the use of apprentices.

Theme 4: SSC Results and Impacts

2.21 ConstructionSkills sets and reports targets to the UK Commission for Employment and Skills but does not yet report these externally. The performance of ConstructionSkills was not reported to the Council or Strategic Partnership Panel until the most recent meeting of the Council. At this, an update of performance against the UK Commission for Employment and Skills' targets was given.

2.22 Performance management within individual partners is more robust. CITB-ConstructionSkills' business planning process provides for targets to be set at corporate, departmental, team and individual level. These feed into a scorecard that is clearly reported in the annual accounts of CITB-ConstructionSkills. CITB Northern Ireland also reports performance against a scorecard although the Construction Industry Council does not report quantified targets externally.

2.23 A review of targets and project evaluations found evidence of a number of impacts. An independent annual survey found that 64 per cent of employers and 80 per cent of stakeholders believe that ConstructionSkills has had a positive impact on skills development in the sector.

2.24 Targets are typically of a direct nature and ConstructionSkills is currently developing more indirect targets to evaluate the skills outcomes of the sector more fully. ConstructionSkills does not formally evaluate its programmes but many of its targets are at a programme level.

Part Three

Context for ConstructionSkills' work

3.1 ConstructionSkills was first licensed as a Sector Skills Council in 2003.

ConstructionSkills is a partnership, governed by a Memorandum Of Understanding between CITB-ConstructionSkills, Construction Industry Training Board (Northern Ireland) and the Construction Industry Council Limited. The accountable body is CITB-ConstructionSkills which is an industrial training board, a type of Non-Departmental Public Body, and also a registered charity. CITB-ConstructionSkills was originally established in 1964.

3.2 ConstructionSkills is a large organisation and, between the three partners, there are more than 1,500 employees. All three partners have functions that go beyond the Sector Skill Council remit, most obviously the collection of levy income from employers and the payment of training grant to employers. Functions are, however, well integrated within each organisation and the dividing line between Sector Skill Council and other roles can be unclear. The division between partners is clearer with CITB-ConstructionSkills and Construction Industry Training Board (Northern Ireland) covering the trade part of the industry in Great Britain and Northern Ireland respectively while the Construction Industry Council covers the professional part of the industry.

3.3 The footprint covers the full construction process from design and planning through production to ongoing maintenance and refurbishment. It does not cover plumbing, heating or electrical trades which are covered by SummitSkills, EU Skills and Asset Skills. The sector employs 2.1 million people, just over 1.8 million in the trade part and just over 0.3 million in the professional consultancies. It contributes £78 billion (at basic prices) to Gross Value Added, around eight per cent of the UK economy. The majority of those who are not self employed work within mid sized (10-99 employee) companies. However, most companies are smaller, with roughly 90 per cent employing less than 10 employees. Furthermore, 835,000 people working within the industry are self employed, representing 36 per cent of the workforce. Research shows that only one third of small and medium employers in the construction sector train their staff.

3.4 The ConstructionSkills footprint includes some 20 major trade bodies, 20 professional institutions and eight awarding bodies.

3.5 The ConstructionSkills' mission is “**to achieve a fully skilled and professional UK construction industry working safely and delivering value**”. To meet its objectives, ConstructionSkills receives core funding of £5.6 million over three years, equivalent to £0.89 per employee in the sector per annum. In addition to the core funding, ConstructionSkills received £3.1 million of project funding from the UK Commission for Employment and Skills in 2008. The total turnover of CITB-ConstructionSkills in 2008 was £324 million of which £176 million was paid out in grant.

3.6 The Construction Sector Skills Agreement has been developed to tackle the following key external challenges:

- Attracting and retaining sufficient talent so that the industry can make the expected growth rates.
- Developing talent so as to ensure that the skills are available to meet changing business practices in a safe manner.
- Improving business performance so that the industry responds to the pressure to improve, particularly with respect to value and predictability.

3.7 As an organisation, the key short term challenge faced by ConstructionSkills is managing its finances in difficult economic conditions.

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 ConstructionSkills has a complex governance structure with a large number of boards and committees, including the involvement of a number of high profile individuals from within the industry. Many employers and stakeholders commented positively on the governance arrangements following ConstructionSkills' review of its governance. Some employers and stakeholders, however, criticised the continued complexity of the different forums. Employer awareness and satisfaction are high in each sub-sector, as are stakeholder understanding and satisfaction. ConstructionSkills is well engaged with Government throughout the four nations. Professionals and the Higher Education sector believe that they are less well engaged in comparison to the engagement that trade bodies have who have a long history with the Industrial Training Boards. Many employers and stakeholders believe that communication could be simplified so that it is clearer what the role of the Sector Skills Council is and the products and services it offers. CITB-ConstructionSkills, as the financially accountable body for the partnership, is introducing measures to tackle recent deficits.

4.2 Governance arrangements are set out diagrammatically on the following page. On a day to day level much of the decision making for ConstructionSkills occurs through either formal meetings of the three Chief Executives or through regular bilateral contact between CITB-ConstructionSkills and one of the other partner bodies. Governance arrangements are complex:

- Policy and strategy is the remit of the partners together and is governed by the Boards established under the Memorandum Of Understanding between the partners namely the **ConstructionSkills Council** and the **Strategic Partnership Panel**.
- Finance and accountability is the remit of CITB-ConstructionSkills and governed by its Board, Finance Committee and Audit Committee.
- Engagement and delivery of products, such as the National Skills Academy, is the responsibility of partners individually and is governed by their own governance structures.

4.3 Under the Strategic Partnership Panel are five strategic functional forums. These forums are:

- Standards and Qualifications;
- Skills Provision;
- Health, Safety and Environment;
- Recruitment and Learning; and
- National Construction Skills Network (Labour Market Intelligence).

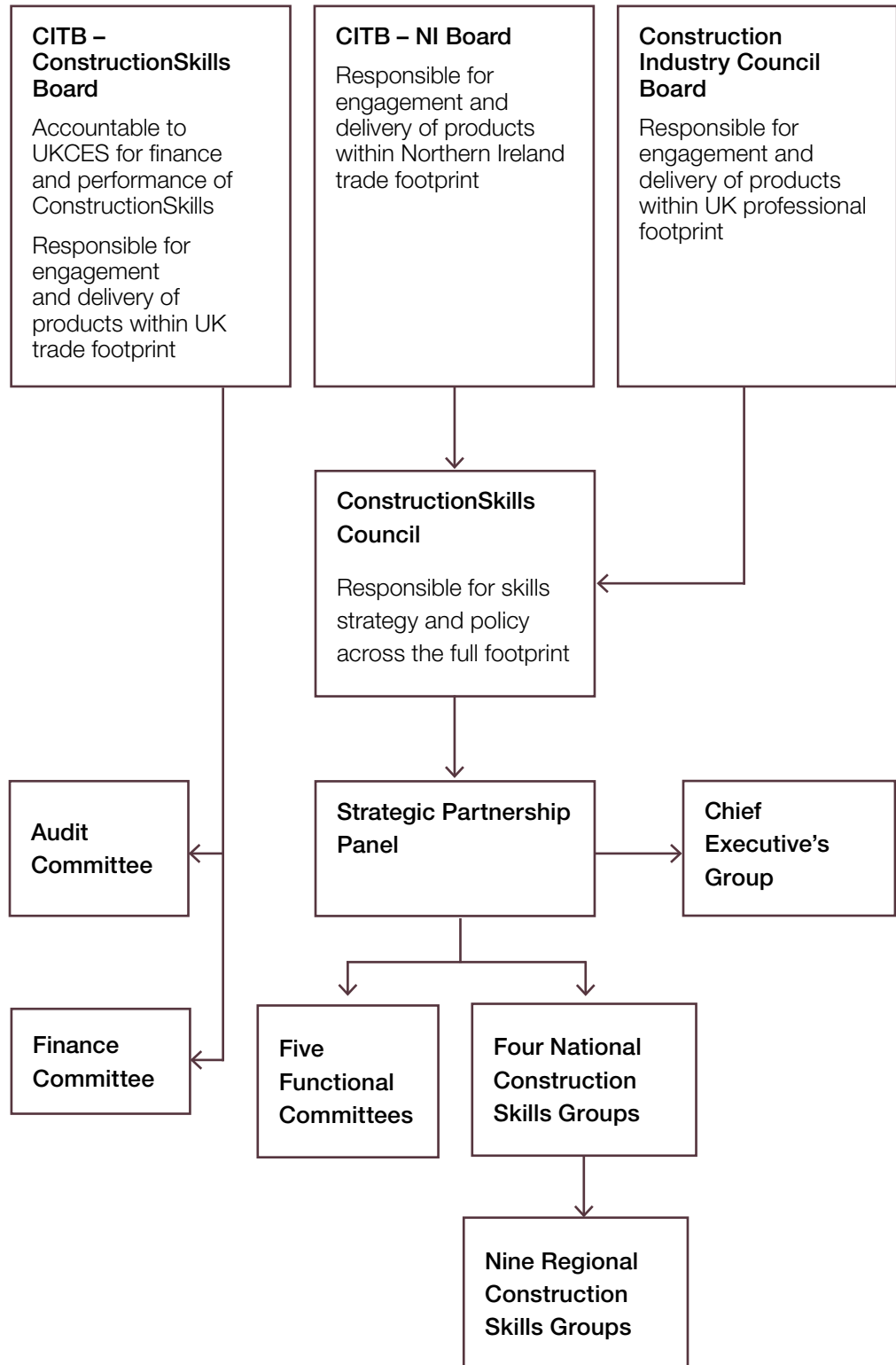
4.4 The terms of reference for the ConstructionSkills Council include planning and managing a programme of strategic skills work and ensuring coherence in workforce development strategies across the UK. Its membership is drawn from the Boards of the partner organisations and is required by the Memorandum between the partners to give coverage of employers, trade unions, training providers and construction industry clients. The Council currently has 28 members, 20 of whom are employers. These employers include chairs, managing directors and other senior figures in their respective firms. Overall the Council represents the diversity of the sector. The Council is chaired by the Chair of CITB-ConstructionSkills, who has a particularly high profile within the industry having led a Government review of the industry in 1994. The Council meets twice per annum. One of these meetings takes the form of open forum with workshops and presentations to inform and gather views from employers.

4.5 The Strategic Partnership Panel is responsible for coordinating and managing the performance of ConstructionSkills. Most decisions on strategic direction and priority setting are made in this panel. It meets quarterly and draws its membership from the Council. The Panel currently has 18 members, 12 of whom are employers. Overall the Panel represents the diversity of the sector. The Panel is chaired by the Chair of CITB-ConstructionSkills. Once a year the Strategic Partnership Panel meets in a Devolved Nation.

4.6 The CITB-ConstructionSkills Board has responsibility for finance and accountability. Members of this Board are appointed by the Secretary of State for the Department for Innovation, Universities and Skills following a modified public appointments procedure. The Board currently has 21 members, 14 of whom are employers. The Board currently has good representation of small, medium and large businesses. The Board currently has two vacancies and CITB-ConstructionSkills is seeking nominations for these posts from the Devolved Nations.

4.7 We observed meetings of the Council and the Strategic Partnership Panel. At both these meetings we observed a high level of information sharing and participation but we did not observe a high degree of challenge of the executive. We also noted that, of the 16 people attending the Council meeting, half were non-executives, although the Chair could not attend due to exceptional circumstances.

Figure 1
Overview of ConstructionSkills' Governance arrangements



4.8 ConstructionSkills also operates a network of nine regional and four national Construction Skills Groups. These allow for consultation with the industry and accountability on a geographic basis. Each of these is chaired by an employer and includes employer and stakeholder representatives.

4.9 In total, ConstructionSkills told us that it has around 110 forums, 77 of which are working groups for the development of National Occupational Standards and 13 are for consultation on Labour Market Intelligence. The remainder fulfil governance and strategic roles.

4.10 Employers and stakeholders raised the following concerns about the governance of ConstructionSkills:

- Some were concerned about the overall complexity citing, for example, the number of bodies and people involved as a barrier to effective governance;
- Regional stakeholders in England were concerned about the risk of conflicts arising between the many functions of the organisation – as a Sector Skills Council, as a training provider, as a levying and grant paying body and as an awarding body. ConstructionSkills has a conflict of interest policy in place and awarding bodies commented that conflicts between the Sector Skills Council and awarding body roles of ConstructionSkills appeared to be well managed; and
- Employers and employer representatives commented that the new regional skills groups either were or risked becoming additional networking opportunities rather than strategic forums.

4.11 ConstructionSkills told us that the existing statutory base prohibits CITB-ConstructionSkills or Construction Industry Training Board Northern Ireland acting outside their geographic and sub-sector footprints. This means that, while it recognises governance is complex, a partnership approach is necessary for the sector.

4.12 ConstructionSkills undertakes its strategic planning as part of an annual process, with individual partner organisations updating business plans over a rolling five year time horizon. The 2009-10 strategic plan included the implementation of refreshed Sector Skills Agreements and gives good coverage of the footprint. ConstructionSkills involves the Strategic Partnership Panel and regional and national Construction Skills Groups in the strategic planning process by holding discussions on individual themes. The final strategic plan, however, is approved by the Executive instead of the Panel.

4.13 In response to the economic downturn ConstructionSkills has demonstrated flexibility in its strategy and has launched a number of specific products to help employers and industry workers.

4.14 ConstructionSkills **engages with employers** in three main ways:

- Through its directors and area managers and field network of around 90 Company Development Managers and Company Development Advisers whose role it is to understand and assist employers in meeting their skill needs.

- Through a network of 86 Training Groups that bring employers together to develop training solutions. These are discussed in more detail in Section Six.
- Through a new network of Strategic Account Managers who will become single points of contact for the 30 most significant employers. To date 15 of these have been engaged.

4.15 Many other staff, including Strategic Advisers and Recruitment and Career staff, will also have contact with employers.

4.16 A survey carried out by the Sector Skills Development Agency, the predecessor of the UK Commission for Employment and Skills, in 2007, found that ConstructionSkills had employer awareness of 67 per cent, significantly above the cross network average of 29 per cent. Although, not directly comparable, ConstructionSkills' own independent annual survey also found high levels of awareness amongst employers. In 2008, awareness was 51 per cent up from 45 per cent in 2007.

4.17 The Sector Skills Development Agency survey, however, found in 2007, that satisfaction among those employers most engaged by ConstructionSkills was 59 per cent compared to a national average of 64 per cent. ConstructionSkills' own survey, however, found that satisfaction with ConstructionSkills in 2008 was 77 per cent up from 57 per cent in 2007, demonstrating increased satisfaction.

4.18 Some professional employers told us that they found engagement with ConstructionSkills to be weak as they either did not realise that ConstructionSkills covered them or said they had never received a call from ConstructionSkills. Some training providers and Higher Education stakeholders also told us that they thought that professionals were either not as well served or understood as other parts of the ConstructionSkills footprint.

4.19 The professional sub-sector accounts for 15 per cent of the total sector. The Construction Industry Council, who within the partnership is primarily responsible for professionals, told us that it has substantially less resources available as, unlike the Industry Training Boards, it does not have levy income to draw upon. This difference in funding available may account for some of the differential in performance between the professional and trade sub-sectors noted here and in other parts of this report.

4.20 Many employers and trade bodies told us that employers feel listened to by ConstructionSkills and find ConstructionSkills responsive and approachable. Many though, and in some cases the same ones, also expressed a view that communication could be improved with some describing a large bureaucratic organisation about which they have little understanding of the range of services on offer or who to contact over a particular issue. CITB ConstructionSkills' own annual Employer Tracking Survey in 2008, however, found that the majority of employers who had received material from CITB ConstructionSkills felt this material was clear and easy to understand (67 per cent).

4.21 Complexity over the structure of ConstructionSkills was also raised in connection with engagement. Some employers, in discussing ConstructionSkills, were unable to differentiate their views on the Sector Skills Council from those of the Industrial Training Board. This meant that if they had a complaint surrounding the levy or the amount of grant they got back, this influenced their view of ConstructionSkills as a whole.

4.22 The Strategic Account Management processes being developed by ConstructionSkills are in part a response to these communication points. At the current time, they are focused on a small number of significant employers. ConstructionSkills should consider rolling this focused approach out wider if it finds that it improves communication.

4.23 Stakeholders and employers in Northern Ireland both commented particularly on the confusion caused by the dual identity of CITB-Northern Ireland and ConstructionSkills. Some commented that the message as to why the ConstructionSkills partnership is the right approach needs to be made more strongly.

4.24 ConstructionSkills **engages with stakeholders** primarily through its Directors and Area Managers and field network of around 55 Strategic Advisers and Recruitment and Careers staff. In addition, staff involved in qualifications or Labour Market Intelligence and other functions will also have considerable contact with stakeholders.

4.25 A survey carried out by the Sector Skills Development Agency in 2007, found that 74 per cent of Stakeholders believed they had a very or fairly detailed understanding of ConstructionSkills, above the cross network average of 69 per cent. Although, not directly comparable, ConstructionSkills own independent annual survey also found high levels of understanding amongst stakeholders. In 2008 understanding was 71 per cent up from 67 per cent in 2007.

4.26 The Sector Skills Development Agency also found in 2007, that satisfaction among stakeholders was 80 per cent compared to a national average of 73 per cent. ConstructionSkills' own survey found that satisfaction among stakeholders was 80 per cent in 2008, compared to 74 per cent in 2007.

4.27 ConstructionSkills appears to have effective relationships within Government. ConstructionSkills told us of ways in which it has both supported and gained support from the Department for Innovation, Universities and Skills, for example, over their apprenticeship matching service and qualification reform. Regional stakeholders in England described good relationships although some echoed employers in expressing a desire for clearer communication of the services offered by ConstructionSkills.

4.28 Staff within the **Devolved Administrations** told us that ConstructionSkills engages well with them. They spoke highly of the national directors and cited, for example, strong influencing skills in Northern Ireland or the establishment of the cross party group in Wales.

4.29 Representatives of awarding bodies told us working relationships with ConstructionSkills were excellent. Training providers described excellent working relationships.

4.30 Some Higher Education stakeholders told us that ConstructionSkills is a proactive organisation. Some commented, though, that they did not feel as well engaged with ConstructionSkills as with other Sector Skills Councils.

4.31 CITB-ConstructionSkills is accountable for the **finances** of the ConstructionSkills partnership. Core grant is allocated between the partners, partly in response to specific funding of posts and partly to fund specific projects. All partners put some of their own funding into the work of ConstructionSkills as it is not possible to draw clear lines around the legacy roles and the additional functions that come from being a Sector Skills Council, for example, employer engagement is necessary for both.

4.32 In 2007, CITB-ConstructionSkills reported a deficit of £1 million and in 2008 it reported a deficit of £13 million. The increase in deficit is largely attributable to a surge in demand led grant claims and changes in the way grant payments are calculated. Levy funding is anticipated to fall in 2009 as the current downturn impacts on CITB-ConstructionSkills but it is anticipating a break even result for the current year. This improvement is being achieved by reviewing the grant programme and carrying out an internal change programme.

4.33 As at 31 December 2008, cash reserves were £4 million and short term investments were £39 million. These levels are below the reserve policy agreed with the Department for Innovation, Universities and Skills of three months' essential expenditure and one month for non-essential expenditure. Reserves are expected to achieve the reserve policy by the end of 2013. CITB-ConstructionSkills consider themselves to have a strong overall net asset level and are content that the financial risks they face are manageable. Financial planning is well embedded in the CITB-ConstructionSkills business plan.

4.34 ConstructionSkills carried out an independent **staff** survey in February 2009. The survey shows that a composite score of overall employee satisfaction stood at 49 per cent, up from 41 per cent in the previous year. The median score for all employers in the survey sample is 20 per cent and the score for the top 10 per cent of employers is 53 per cent.

4.35 ConstructionSkills has also recently completed an independent review that compares the organisation to the European Framework for Quality Management (EFQM) Excellence Model. This review found that ConstructionSkills scored five stars in the Recognised for Excellence category. This means that the Quality Framework is embedded in ConstructionSkills and that it is eligible to be considered for the overall UK Excellence Award.

4.36 Employers and stakeholders commented positively on the leadership of the organisation saying, for example, that the organisation is led by people with good industry experience, with a high profile Chair and that the new Chief Executive is having an impact and starting to change the culture of the organisation.

4.37 Staff were able to describe synergies between being a Sector Skills Council and pre-existing roles, such as Labour Market Intelligence, and the added strategic and employer engagement value of being a Sector Skills Council.

Strengths

- High profile Board members.
- Extensive employer and stakeholder engagement mechanisms.
- High levels of employer and stakeholder awareness and satisfaction.
- Effective engagement with central Government and Devolved Administrations.
- Good relations with awarding bodies and training providers.
- High levels of staff satisfaction.

Areas for Improvement

- Clarifying the roles and responsibilities of the governance tiers.
- Ensuring adequate challenge at Council and Strategic Partnership Panel meetings.
- Simplifying communication with employers, for example, by rolling out the Strategic Account Management process more widely.
- Considering whether performance differentials between the trade and professional sub-sectors can be reduced.

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 ConstructionSkills' Labour Market Intelligence builds on the work of others, is well used and described as excellent by Government stakeholders. It includes a forecast model for labour market demand. ConstructionSkills has been at the forefront of developing a Sector Skills Agreement, Sector Qualification Strategy and 14-19 Diploma. It has a well received apprenticeship framework. There were many positive comments made on ConstructionSkills' work on qualifications but many were also conscious of uneven provision, especially with regard to Higher Education. ConstructionSkills needs to ensure that its well received engagement over concerns with qualification reform does not detract from the overall delivery of this major initiative.

5.2 ConstructionSkills has a research team of eight and makes use of consultants, particularly to work on its labour market demand model. The research team is responsible for both Labour Market Intelligence and evaluation. The **Labour Market Intelligence** is managed under two headings:

- Research into the historic and current labour market as set out in its Research Strategy, as well as responding to ad-hoc requests for information; and
- Forward modelling of future skills demand by trade and region, known as the Construction Skills Network (CSN), and supported by CSN Observatories.

5.3 The **planned programme** of Labour Market Intelligence includes an annual collation of existing surveys such as the Office of National Statistics Labour Force Survey and State of Trade surveys produced by trade associations, supplemented by original pieces of data analysis as well as supplementing this with specific pieces of work. These supplemental pieces are determined during the business planning cycle in response to the needs articulated by the directorates within ConstructionSkills. Ad-hoc research typically responds to requests from Central Government or the Devolved Administrations.

5.4 Recent examples of research have included pieces on the experience of apprentices, benchmarking for the National Skills Academy and research into migrant workers. The work on migrant workers led to a range of products being developed to help employers find and use migrant labour as well as a submission to the Migration Advisory Committee.

5.5 ConstructionSkills disseminates its Labour Market Intelligence through regular forums with employers and stakeholders, press releases, web releases and specific briefings for politicians and senior stakeholders. Government stakeholders described how the research of ConstructionSkills is useful to them in briefing Ministers. All the Devolved Administrations described ConstructionSkills' Labour Market Intelligence as excellent and of high quality.

5.6 In ConstructionSkills' 2008 survey of stakeholders, 92 per cent of those that had received or looked at the Labour Market Intelligence were satisfied with it. In 2007, the Sector Skills Development Agency found that satisfaction with the Labour Market Intelligence of ConstructionSkills was 72 per cent, slightly above the average for Sector Skills Councils of 67 per cent.

5.7 The **Construction Skills Network** is a rolling five year forecast of labour market demand across 26 occupations across the UK broken down to both national and regional level. ConstructionSkills employs a private contractor to produce the model and relies on its macro-economic forecasts. The model is assessed by an independent expert panel known as the Technical Reference Group. The Technical Reference Group consists of economists and econometric modellers from both the Government and private sector.

5.8 The modelling cycle involves producing an initial forecast that is then communicated to around 1,000 employers and stakeholders in 12 geographic forums known as the Construction Skills Observatories. This allows for some validation of the forecast before a final version of the model is produced and published.

5.9 ConstructionSkills is looking to improve the model further, adding supply side data and looking to take account of the rapid changes in the macro-economic forecasts. ConstructionSkills is working with the Built Environment Skills Alliance and organisations in the Republic of Ireland to look at the wider application of the model.

5.10 Many employers and stakeholders told us that the model provides for a clear and concise presentation to the sector of future labour market demand, which allows for a useful way of structuring debate or, as one employer commented, adjusting their business model.

5.11 Many Board members, employers and stakeholders told us that the forward forecasts either had been, or currently were, too optimistic. As a result they could not relate to the model's findings and were not adjusting their business model in response. Most of those expressing this view accepted that the last few months had been exceptional times and ConstructionSkills told us that the underlying macro-economic forecasts were on a par with those produced by other economists. Furthermore, the model forecasts for 2007, when economic conditions were more stable, were within six per cent of actual outturn. The Technical Reference Group together with ConstructionSkills has become more active in recent months producing a report on the model's weaknesses and setting up sub groups to work on these more intensively.

5.12 ConstructionSkills was one of the first Sector Skills Councils to negotiate a **Sector Skills Agreements**. Four agreements are in place, one for each nation. Those for England, Scotland and Wales were agreed in September 2005 and Northern Ireland's was agreed in November 2006. The Welsh agreement is more summary in format than that for England, Scotland and Northern Ireland reflecting the requirements of the Assembly Government. ConstructionSkills makes its Sector Skills Agreements available on their website. The format of the online versions enables the reader to drill down from top level headings to examine individual elements in detail including gaining a greater understanding of the issue and examining achievements.

5.13 ConstructionSkills has recently refreshed its Sector Skills Agreements following a consultation process with around 1,600 employers, stakeholders and employer representatives. The new agreements were put into place in late 2008 and formed the basis of ConstructionSkills' strategy for 2009-10. One example of a change that resulted from this review was that employers told ConstructionSkills that migrant workers were no longer a high priority issue for them as workers were returning home. At the same time the skills needs resulting from the wider sustainability and environmental agenda has been made a priority for ConstructionSkills.

5.14 Action plans for each English region and each Devolved Nation were negotiated alongside the main agreements and are now reviewed at each of the ConstructionSkills geographic forums.

5.15 Staff we spoke to within the Devolved Administrations commented favourably on the process for deciding and reviewing the Sector Skills Agreements.

5.16 ConstructionSkills' current set of **National Occupational Standards** amounts to 602 units across 77 suites. In addition, there is an overarching suite that applies across the built environment footprint for the professional, managerial and technical occupational roles.

5.17 The development of National Occupational Standards is overseen by the Standards and Qualifications Group and carried out by 77 working groups. ConstructionSkills reviews National Occupational Standards in response to employer feedback through its working groups, resulting in a constant incremental change process.

5.18 In 2007, the Sector Skills Development Agency found that ConstructionSkills was more successful than the Sector Skills Council network average at developing and promoting the use of National Occupational Standards. ConstructionSkills' 2008 survey of stakeholders, found that 76 per cent of those that had regular or frequent contact with ConstructionSkills felt it was successful at this.

5.19 Stakeholders told us that the suite of qualifications offered by ConstructionSkills was good, comprehensive and well promoted. Awarding bodies commented that, although they liked the broad approach to changing National Occupational Standards, the incremental change process was particularly challenging for them to manage and they would prefer changes to be introduced at a single point in the year.

5.20 ConstructionSkills was one of the first Sector Skills Councils to produce a **Sector Qualification Strategy**, and this was published in March 2007 following consultation with a range of stakeholders and 25 employer consultation workshops. The strategy aims to ensure that the infrastructure is in place to deliver the qualifications and standards that will support the Sector Skills Agreement. Specific actions are identified and prioritised through an annual action plan.

5.21 ConstructionSkills has established a National Specialist Team of 37 staff and developed links between the team and the federations that cover specialist occupations. It has also developed a National Specialist Accreditation Centre in Loughborough and, in 2008, 2,000 people gained National Vocational Qualifications in specialist occupations.

5.22 Despite this, employers often told us that specialist areas or administrative areas need to be better served. Some employers also told us that too much attention was currently focused on attracting young people to the sector and that more needs to be done to improve the skills of existing workers or attract older workers to the sector.

5.23 The work that ConstructionSkills has done to understand and adapt its products to the different needs of the Devolved Administrations was particularly well received. Other stakeholders commented that the work ConstructionSkills has done on qualifications was generally excellent but that more needed to be done to encourage multi-skilling and to develop bridging qualifications between craft and professional qualifications.

5.24 ConstructionSkills is considered to be well advanced with its transition programme for **Qualification Reform** and 50 per cent of their qualifications are expected on the new framework by September 2010.

5.25 The UK Commission for Employment and Skills, currently grades ConstructionSkills' work on qualification reform as "Amber/Green" and the direction of travel as "getting worse". The Qualifications and Curriculum Authority also raised concerns about the speed with which qualification reform was progressing within ConstructionSkills. These emerging concerns among some Government stakeholders about qualification reform are due to the issues ConstructionSkills have raised on behalf of the industry about the move away from National Vocational Qualifications, which have been well suited to the Construction sector. ConstructionSkills has been active in working with other sector skills councils to influence stakeholders to retain National Vocational Qualifications. It has recently gained ministerial support for this. Without a resolution to this, though, some Government stakeholders are concerned that there may be impact on the overall timetable for transition to the new qualification framework within the Construction sector.

5.26 ConstructionSkills has an apprenticeship framework which gives good coverage of occupations, levels and nations. It is viewed positively by employers and stakeholders and many cited this as ConstructionSkills' key strength. Staff within the Department for Innovation, Universities and Skills commented favourably on how ConstructionSkills had responded to policy developments in the area and participated in apprenticeship week. Staff within the Scottish Government told us ConstructionSkills had demonstrated considerable commitment to the modern apprenticeship programme. Devolved Administrations in both Wales and Northern Ireland told us that ConstructionSkills is constantly looking to innovate within the apprenticeship framework to ensure that service continues to meet, and anticipate, the needs of employers and apprentices.

5.27 During the 2007-08 academic year there were 23,379 apprenticeship starts in Great Britain with a completion rate in line with the national average of 65 per cent. In Northern Ireland there were 2,393 starts in 2007 and 1,912 in 2008. The completion rate for Northern Ireland is around 55 per cent for Level Two.

5.28 ConstructionSkills are currently carrying out an end to end review of its Apprenticeship offering with the aim of ensuring it continues to meet the needs of employers. In particular, they are looking at broadening the qualification offer and ensuring it fully meets changed employer needs, such as greater use of off-site manufacturing.

5.29 ConstructionSkills is the lead Sector Skill Council in the **14-19 Built Environment Diploma** Development Partnership. This was one of the first diplomas to be introduced and teaching began in September 2008. When it began, 44 consortia, 1,400 learners and just over 1,000 employers were involved. From September 2009 a further 87 consortia will begin teaching the diploma and a further 57 have been approved to begin in September 2010.

5.30 We observed a meeting of the Employer Engagement Group for the Built Environment Diploma where employers were engaged in assessing new consortia, championing the diploma and developing ideas for a celebratory event. Employers and stakeholders commented favourably on the work of ConstructionSkills within the diploma, for example, saying that it will be good at bringing people into the industry.

5.31 The **Higher Education** Funding Council told us that, although ConstructionSkills has engaged with Higher Education, it did so to a lesser degree than other Sector Skills Councils and devoted little resource to actual Higher Education provision. Training providers told us that ConstructionSkills' had not engaged sufficiently to resolve the difficulties that the sector had experienced with developing foundation degrees and had given too much emphasis to apprenticeships to the exclusion of Higher Education.

5.32 In contrast, the Higher Education Funding Council in Wales commented positively on the weight ConstructionSkills has given to the Higher Education sector. The Department for Employment and Learning in Northern Ireland commented favourably on the progress being made on foundation degrees.

5.33 ConstructionSkills told us of a wide range of Higher Education activities it is involved in including:

- Developing a draft Higher Education Strategy within the Built Environment Skills Alliance which was launched for consultation at a Higher Education conference in January 2009;
- Incentivising applications to Higher Education courses through the Inspire scholarship scheme;
- Carrying out a joint project with Foundation Degree Forward to establish the place of foundation degrees within the sector; and
- Working with employers and Higher Education institutions on implementing a specific product for Higher Education training, known as the Constructionarium, based at the National Construction College.

5.34 ConstructionSkills has its own **awarding body**, the Construction Awards Alliance, that runs as a partnership with City and Guilds. This is physically separated from the Sector Skills Council and has different reporting lines. ConstructionSkills' conflict of interest policy clearly sets out how potential conflicts will be managed. No awarding body raised any concerns about the potential conflict between ConstructionSkills and Construction Awards Alliance.

Strengths

- High calibre of Labour Market Intelligence that builds on work of others and is well used both internally and externally.
- Highly developed labour market modelling tool that acts as a catalyst for engagement and is being constantly improved and extended.
- Employer led diploma development.
- Wide consultation with around 1,600 organisations to refresh the Sector Skills Agreements.
- Thorough feedback mechanisms with employers ensure that National Occupational Standards are always up to date.
- Apprenticeship framework which gives good coverage of occupations and levels and is viewed positively by stakeholders and employers.

Areas for Improvement

- Need to look at ways to improve the usefulness of labour market forecasts given the perceptions of its accuracy in the current economic climate that we found among users.
- Increasing visibility of work undertaken for Higher Education.

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 ConstructionSkills has developed a substantial portfolio of products that provide geographic and sub-sector coverage across the footprint. These have been identified and developed through the research undertaken for the Sector Skill Agreements and through consultation with employers. They have been well received by employers and stakeholders. ConstructionSkills effectively monitors its solutions to ensure they remain current and is continually updating its portfolio to reflect any changes in demand.

6.2 The **National Skills Academy for Construction** was one of the first to be established in 2006. The solution adopted by ConstructionSkills is different to the one adopted by other Sector Skills Councils. The National Skills Academy for Construction locates its provision primarily on major construction sites, increasing the accessibility of training. It also looks to develop regional facilities that deal with developing skills training for traditional skills in a particular region. At each site, employers determine the project specific training needs and contract with providers through Memorandums Of Understanding.

6.3 Governance of the Skills Academy is through regional employer chaired committees. The regional chairs meet as a national committee with overall responsibility for approving new projects and monitoring progress.

6.4 Twenty eight projects in total are currently approved, including six at the London 2012 Olympics site. Employers and stakeholders connected to the Olympic site told us that the project solution enabled the efficient recruitment and retraining of the long term unemployed in the region, thereby forming part of the Olympic legacy.

6.5 The project based solution is viewed by the Department for Innovation, Universities and Skills as relatively expensive compared to other models as it requires the establishment of new training facilities with relatively short life spans. ConstructionSkills supports the Skills Academy financially to ensure its viability and has no plans to withdraw funding at this time.

6.6 ConstructionSkills also supports a number of other training projects that benefit its work as a Sector Skills Council, for example, the **National Construction College** and the Constructionarium. The National Construction College operates seven training centres across the UK and delivers training to over 30,000 adults and 800 apprentices every year. The adult courses range from one day to up to two weeks whilst the apprentice programmes range from 11 to 42 weeks.

6.7 The National Construction College provides specialist construction training that other colleges are unable to deliver due to the high capital cost of the equipment required, the specialist buildings required, the space required and the specialist teaching skills required. This specialist training includes: plant operations, crane operations, scaffolding, piling and trenching. In other instances the amount of people needed to be trained is relatively small and so economies of scale dictate that these should be done in one location. Examples here are steeple jacking and lightning conductor engineering. The College works with employers in order to up skill the existing workforce and to attract apprentices to the industry

6.8 The National Construction College hosts a training facility named the Constructionarium. This is where up to 1,000 university students a year from a wide range of universities and newly qualified professionals attend a six day field course where iconic buildings that have been planned in the classroom are constructed in a scaled down way on site. This is not offered elsewhere and gives students chance to bring their learning to life in a controlled environment. It puts them under intense pressure to deliver on time, to within agreed costs and quality and to do so in a safe way. The facility also promotes engagement between universities, contractors and professional services companies each of whom are partners in running the field experience. ConstructionSkills provides the accommodation for **Constructionarium** and other resources and facilitates the bringing together of partners in order for employers and training providers to make best use of this facility.

6.9 ConstructionSkills facilitate a series of 86 **group training associations**, which bring together firms and training providers to discuss and develop solutions to training needs.

6.10 ConstructionSkills is aiming to improve the **ethnic and gender diversity** of the sector. Under the **Women into Work** initiative, funded by the Department for Innovation, Universities and Skills, ConstructionSkills holds conferences across the nations on an annual basis. Formal impact evaluation of the scheme has not yet been carried out but anecdotal evidence from stakeholders points to an increasing number of female entrants to the sector. The Recruitment and Careers team are working with schools and careers advisers on promoting construction among young women and ethnic minorities. The STEP scheme aims to attract women and adults from ethnic minorities into the sector on career changes.

6.11 ConstructionSkills has developed an online resource for employers with migrant workers, providing them with guidance to help ensure their workers are qualified, competent and safe. This provides information on key areas such as site inductions for migrant workers, awareness of employment laws and support to help keep workers safe on site.

6.12 A **dedicated careers website** is provided by ConstructionSkills to give access to information for people of all ages who are interested in working or progressing within the sector. The Construction Showcase has recently replaced National Construction Week and will promote careers within the sector throughout the year. The Construction Week was previously held in Autumn. A National Construction Week is also run by ConstructionSkills focused on the professional part of the sector. Career pathways are being developed between academic, vocational and professional qualifications.

6.13 ConstructionSkills has secured £133 million of **Train to Gain** funding, which is being used to deliver 6,500 apprenticeship starts, 2,000 specialist apprenticeship starts and the upskilling of 50,000 plant operatives to Level Two. During 2008, more than 10,000 learners registered with Train to Gain programmes, with a success rate of over 70 per cent, just above the national average.

6.14 Support to **management and leadership** skills includes a construction management degree at Caledonian University, and the leadership and management diagnostic tool, which was piloted with 43 organisations and has now been rolled out. ConstructionSkills is currently exploring the potential to run a management faculty at the National Construction College.

6.15 In 2008, CITB ConstructionSkills took over the running of the **skills competitions** from Skills Build Competitions Ltd who had run these for the last 20 years. The current plan is to extend the skills competitions to cover all areas of the sector. The Construction Industry Council currently hosts the Construction Challenge with the aim of promoting teamwork and communication in the industry.

6.16 In the **current economic climate**, a number of apprentices are being released by employers, known as displaced apprentices. ConstructionSkills, working with the Department for Innovation, Universities and Skills and other partners, has developed a range of products to address this including:

- An Apprenticeship Matching Scheme that actively works with employers and displaced apprentices to find them alternative employment;
- Guidance to employers on managing through the down turn and getting the full benefits from apprentices to try and minimise the number of displaced apprentices;
- Piloting a new approach to Group Training Associations, where the Training Association takes on legal form as a joint venture between employers. The Training Association will then employ apprentices and work with training providers on bespoke training for the apprentice;
- Piloting Host Employer arrangements where a principal contractor may employ an apprentice but the training, and costs of it, are shared throughout the supply chain so that the apprentice gets a wider range of skills; and
- Supporting a Government Taskforce on proposals to make apprenticeships a compulsory part of public sector procurement practice.

6.17 Employers and stakeholders told us that ConstructionSkills has responded well in providing training solutions for sector in the current difficult economic circumstances.

6.18 The **Built Environment Skills Alliance** partners ConstructionSkills with EU Skills, Pro Skills, Summit Skills, Engineering Construction Industry Training Board and Asset Skills. The Built Environment Alliance has a joint diploma and is working on the Government's renewable energy strategy. A draft Higher Education Strategy was presented to the sector in January 2009.

6.19 A number of projects are also being undertaken within the **Devolved Nations**. Within **Scotland**, a Memorandum Of Understanding is in place between ConstructionSkills, Historic Scotland and the Scottish Qualifications Authority. Together, these partners have developed a qualification in masonry. A number of training groups have also been set up, which provide training to 900 employers. The use of e-packs for remote learning is also being piloted with Learn Direct and Build in Scotland to ensure the delivery of skills to those on the remote islands.

6.20 In **Wales**, a successful shared apprenticeship scheme is run through a group training association. This training association brings together the Welsh Assembly Government, a college, county council, a training body and 28 local construction firms. Twenty four apprentices have been trained in the last year. Work with the Welsh Assembly Government is also being undertaken through the Welsh Built Environment Forum launched by ConstructionSkills. ConstructionSkills is also working with the Institution for Chartered Engineers to attract school age children in the sector through a scheme known as the Bridge Challenge.

6.21 In **Northern Ireland**, ConstructionSkills is looking at finding solutions for displaced apprentices. It is also working on piloting solutions to improve basic skills. A significant careers promotion programme within schools has also been carried out between ConstructionSkills and the Department for Employment and Learning and a series of women in construction events have been held to attract women into the sector. ConstructionSkills in Northern Ireland is also active in developing on site training facilities.

Strengths

- Innovative, on site approach to a National Skills Academy.
- Management and Leadership diagnostic tool.
- Quick to react to impact of changing economic conditions for apprentices through the apprenticeship matching tool.
- Group Training Associations to assist small and micro businesses to access the training needed.
- Partnership Working across the Sector Skills Council network.
- Facilitating employers to design and operate solutions, for example, Constructionarium.

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 ConstructionSkills sets and reports targets to the UK Commission for Employment and Skills but does not yet report these externally. Performance of ConstructionSkills was not reported to the Council or Strategic Partnership Panel until its most recent meeting. Performance management, within individual partners, is more robust. CITB-ConstructionSkills' business planning process provides for targets to be set at corporate, departmental, team and individual level. These feed into a scorecard that is clearly reported in the annual accounts of CITB ConstructionSkills. CITB Northern Ireland also reports performance against a scorecard. Targets are typically of a direct nature and ConstructionSkills is currently developing more indirect targets. ConstructionSkills does not formally evaluate its programmes but many of its targets are at a programme level. A review of targets and project evaluations found evidence of a number of impacts. Sixty four per cent of employers and 80 per cent of stakeholders believe that ConstructionSkills has had a positive impact of skills development in the sector.

7.2 Targets and performance monitoring within ConstructionSkills need to be considered under the Sector Skills Council as a whole and within individual partners.

7.3 ConstructionSkills reports its performance as a Sector Skills Council through its quarterly performance reports to the UK Commission for Employment and Skills. This includes a narrative report and a table that tracks performance against targets agreed in the **contract**. When ConstructionSkills last reported, in December 2008, of the 12 set criteria, nine were ahead of target.

7.4 The strategic plan of ConstructionSkills also reports performance through a discursive section. Quantified targets are not reported **externally** for ConstructionSkills as a whole.

7.5 Historically, performance monitoring of ConstructionSkills by the Council and Strategic Partnership Panel has been poor. No comprehensive report of performance was presented to either of these fora until the most recent Council meeting in April 2009. At the April 2009 Council meeting, a review of performance against the contract targets was presented. The Strategic Partnership Panel has received regular reviews on individual projects that ConstructionSkills is carrying out.

7.6 Performance management within **individual partners** is more robust than that for ConstructionSkills as a whole. Within the business plan of CITB ConstructionSkills, for example, there are a series of targets and **key performance indicators** that reflect Sector Skill Agreement priorities and employer research.

7.7 The corporate targets are underpinned by geographic and functional business plans that ensure targets feed down from the corporate business plan into team and individual targets. Operational performance is monitored internally via each directorate, **and reported** to the Executive team on a monthly basis and to each Board meeting. Performance of CITB-ConstructionSkills is reported externally in its **annual report**. This includes a scorecard with 13 key indicators. The scorecard contains the prior year attainment, target for the current year and attainment in the current year. A brief narrative is also included discussing movements.

7.8 The annual report of CITB Northern Ireland includes a scorecard similar to that of CITB ConstructionSkills. It was noted that the Construction Industry Council annual report did not contain a scorecard, or specific targets and associated key performance indicators. It did, however, include a discursive section on its contribution to the ConstructionSkills partnership.

7.9 ConstructionSkills does not yet formally **evaluate the outcome** of its work but is developing outcome focussed targets to address the revised Sector Skills Agreement and align with the UK Commission for Employment and Skills' Monitoring and Evaluation framework. The April 2009 Council meeting for ConstructionSkills received a progress report on work to develop outcomes. This included some outcome measures, especially around diversity.

7.10 Before the April 2009 Council meeting, ConstructionSkills reported more on the direct outputs or programme outcomes, for example: the number of new entrants to the industry; the number of undergraduate applications; and the number of female and ethnic minority entrants. When reporting its performance to the UK Commission for Employment and Skills, outputs relate to only to one partner or, as in the case of apprenticeships, separate targets are set for each partner.

7.11 Prioritisation of **detailed programmes** of work, to underpin the Sector Skills Agreement, are discussed and agreed between the three Chief Executives. ConstructionSkills currently has no embedded programme evaluation but, as previously mentioned, many of its targets reported to the UK Commission for Employment and Skills are of a programme nature.

7.12 Monitoring of progress of **individual projects** is carried out by the partner organisation with responsibility for the project. If the project is carried out using UK Commission for Employment and Skills funding, then a progress report is required to be submitted quarterly to the partnership manager in CITB ConstructionSkills.

7.13 The Welsh Assembly Government raised concerns about the systems in place within ConstructionSkills to monitor, co-ordinate and manage programmes of work. In particular, they described delays that occurred in leadership and management projects and the Shared Apprenticeship pilot of which the Assembly was not notified in a timely manner. In contrast, the first annual audit, in 2008, of the Shared Apprenticeship pilot cited clear and good systems in place at ConstructionSkills to evidence the costs and internally audit the scheme.

7.14 Individual **projects are evaluated** to ensure they achieve their agreed outputs and targets. Across the evaluation reports of individual projects and the outputs in the contract reports to the UK Commission for Employment and Skills we noted the following impacts:

- An increase in the number of companies investing in training from 21,000 in 2004 to 24,000 in 2008;
- An increase in the number of health and safety tests carried out by CITB ConstructionSkills by 10 per cent between 2007 and 2008;
- An increase in the number of on site assessment tests of vocational qualifications carried out by CITB ConstructionSkills by 40 per cent between 2007 and 2008;
- An increase in the number of degree applications from 8,000 in 2004 to 11,000 in 2007;
- Eighty three per cent of those taking part in the Women into Work initiative reported that it had resulted in a pay increase, promotion or similar career move within the sector;
- An increase in the number of female and ethnic minority entrants to the sector from 250 in 2004 to 2,000 in 2008; and
- Establishing 28 National Skills Academy for Construction projects including six academies upon the Olympics sites.

7.15 ConstructionSkills carry out an annual external survey of employers and stakeholders to gauge the impact of its work. In September 2008, 64 per cent of employers who had heard of ConstructionSkills in more than name, considered it had a positive impact on skills development in the sector. This is significantly higher than the 56 per cent reported in March 2007. Eight per cent of stakeholders believe that ConstructionSkills has had a positive impact on skills development which was similar to the level found in March 2007. Twenty seven per cent of employers and seven per cent of stakeholders said, in September 2008, that ConstructionSkills had no or a negative impact on skills development in the sector.

Strengths

- Cascading of high level targets within CITB ConstructionSkills from Sector Skills Agreement through to individuals.
- Using a balanced scorecard to report performance as CITB ConstructionSkills and CITB Northern Ireland.
- Projects are evaluated and a number of project and programme outcomes have occurred.
- A majority of employers and stakeholders believe that ConstructionSkills has had a positive impact on skills development in the sector.

Areas for Improvement

- Reporting quantified measures of performance for ConstructionSkills to employers and stakeholders.
- Completing the development of outcome targets for ConstructionSkills as a whole.
- Embedding programme evaluation.

Technical Annex

Performance Assessment Methodology

Background

The National Audit Office (NAO) has undertaken this Independent Performance Assessment of ConstructionSkills at the request of the UK Commission for 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;
- The SSC has set ambitious and realistic targets in relation to the 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 the 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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