



National Audit Office

A REVIEW BY THE
NATIONAL AUDIT OFFICE
APRIL 2009

Semta

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This assessment was carried out in response to a specific request from the UK Commission for Employment and Skills in accordance with their relicensing framework for Sector Skills Councils and not as part of the NAO's wider VFM programme to provide assurance to Parliament.

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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 twenty-five SSCs, covering about 85 per cent of the British workforce.

SSC Re-licensing

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

1.4 The UK Commission for Employment and Skills (UKCES) is responsible for arrangements for re-licensing 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 re-license 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 license.

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 VFM programme to provide assurance to Parliament.

Part Two

Executive Summary

2.1 We have identified strong performance against the range of key tests, particularly in the first three themes. Particular strengths are employer engagement across the UK, including with the huge number of small and medium-sized enterprises that characterise the sector. A key challenge is overstretch given the extensive sectors which Semta covers.

2.2 Semta has demonstrated good progress against the majority of key tests, in particular:

- Semta have strong leadership from both the Chairman and Chief Executive, and the board is strategic in focus and challenging in nature.
- Semta has developed Sector Strategy Groups for each sector in its footprint. There is strong employer engagement on each of the groups, which includes SMEs.
- The Sector Strategy Groups provide strategic leadership, including driving the delivery of the sector skills agreement and delivery of Semta's key goals.
- Semta has developed a strategic awarding body forum, which has been cited by Edexcel as an exemplary way for SSCs to work with awarding bodies.
- Progress has been made with the National Skills Academy for Manufacturing. Eight regional Advisory Groups have been developed which are chaired by industry and the ninth is in formation.

2.3 The assessment of Semta against the Relicensing Framework has identified some areas for improvement, which are:

- Semta needs to rationalise the number of national occupational standards as part of the process for complying with the published timetable for the Qualifications and Credit Framework in 2010.
- Semta needs to deliver consistently across all of its sectors.
- Semta needs to fully implement its new improved revised risk management system.

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

- Whether Semta will be able to meet the 2010 deadline for migrating NVQs to the Qualifications and Credit Framework.
- Whether the results of Semta's evaluation will be able to demonstrate its impact on the economy by 2010.
- Whether Semta has sufficient resources and capacity to effectively deliver across the footprint, especially in light of the current economic climate.
- Whether the collaborative approach with Cogent in the pharmaceutical industry is effective for employers.

Theme 1: A Well Run SSC

2.5 Semta became a fully licensed Sector Skills Council in 2003. Its footprint now covers the sectors of aerospace, automotive, electrical, electronics, marine, mechanical, metals and engineered products, and science/bioscience. In total, this comprises 76,000 employers and two million employees.

2.6 Semta revised its governance structure in 2007 to enable more effective engagement with employers at the strategic level. Through its main Board and the supporting Advisory Council and the Sector Strategy groups, Semta covers all areas of its footprint and the nations.

2.7 The Chairman and Chief Executive demonstrated strong leadership and a good understanding of industry needs. There was considerable support for their work from both stakeholders and employers.

2.8 Semta realises the importance of engaging with small and medium employers, given the nature of the sector. Of the employers it has engaged with, 65 per cent have relationships that are based on a very or fairly detailed understanding of the SSC's objectives.

2.9 All of the Devolved Administrations highlighted the levels of employer engagement as an area of strength, and this was also a view which was supported by the Awarding Bodies and TUC who provided feedback.

2.10 Concerns have been expressed by a number of stakeholders across the four nations that Semta's resources are limited given the size of their footprint, and one key area is bioscience, where it has taken time to build capacity. Semta has recruited a bioscience specialist and is implementing a higher education forum. Evidence is available that demonstrates progress is being made.

2.11 Concern has been raised by BERR as to whether the joint working with Cogent on the pharmaceutical sector was effective for delivering the needs of industry. Feedback from employers has been mixed - with one employer stating they could work with both organisations and the other recognising that more clarity should be provided.

Theme 2: SSC Core Products and Services

2.12 Semta's labour market intelligence is highly regarded by a range of both employers, and stakeholders. It is seen as robust and relevant to the specific sectors across the four nations. In 2007, 85 per cent of stakeholders surveyed were positive about this research. Semta has also developed the skills balance sheet which provides summary information to employers on research across the regions and the four nations.

2.13 Work on National Occupational Standards is well received by employers and stakeholders, and Semta is seen to consult widely in developing these. Semta are responsible for a large number of National Occupational Standards (2,474) and it has undertaken a systematic review across the board of all its standards and has a programme for future review.

2.14 Semta has demonstrated good progress on apprenticeships. During the period April to October 2008, 1584 people were undertaking apprenticeships in England alone, with success rates during the same period at 82 per cent. Their achievement rates for apprenticeships are above the UK average of 70 per cent.

2.15 Stakeholders have expressed concern regarding the ability of Semta to meet the migration of existing qualifications to the new Qualifications and Credit Framework by the 2010 deadline. Semta has engaged in significant discussion in this area regarding the status of NVQs within this framework. This is in response to the views of its employers, although such debate has significantly impacted upon progress. Recent discussions have provided some clarity, for example in relation to the retention of NVQ within the new framework. In response to this Semta have revised their plans in this area and have stated that they are now working towards the 2010 deadline, although progress still needs to be made.

2.16 Semta is the lead SSC for both the Engineering Diploma and the Science Diploma. The engineering diploma took its first intake in September 2008 but figures were lower than expected. There is mixed feedback from stakeholders about Semta's role in developing diplomas. UKCES and DIUS have both raised issues about the capacity within Semta to develop both products, as there is only one person leading on both. Whilst milestones have been met on the development of the science diploma, concern has been raised about the quality of the work produced. Feedback from City and Guilds has been more positive for the engineering diploma and they told us that leadership has been effective. Semta has responded that one person working on both diplomas allows the sharing of good practice and there has been positive support from the universities.

Theme 3: SSC Sector Specific Products

2.17 Semta has developed a range of sector-specific products in response to the needs of employers as set out in the Sector Skills Agreements. The level of development varies across the footprint, although this correlates to the age of these agreements.

2.18 Semta has engaged a number of employers in SMEs in Wales to develop a shared apprenticeship, which has allowed them to pool their resources and share the training of apprenticeships. The model has been well received by employers and Semta are now looking to roll this model across the rest of the nations.

2.19 Semta have successfully participated in the first year of the Women and Work project. Over 400 women has participated in this scheme and targets have been met.

Theme 4: SSC Results and Impacts

2.20 Semta has done a great deal of work in the setting up the framework for success, particularly in terms of developing products and services. Key performance indicators are in place and are being developed further. But important priorities for the future will be to develop more consistent delivery across all Sector Skills Agreements, and to demonstrate tangible impacts from Semta's work.

2.21 Whilst Semta routinely monitors performance against a range of indicators, including the sector skills agreement action plans, like other Sector Skills Councils, it has yet to develop an evaluation framework that will allow it to demonstrate the impact it makes on the wider economic development in the four nations.

Part Three

Context for Semta's work

3.1 Semta is a company limited by guarantee that was established as a fully licensed Sector Skills Council in 2003. It initially emerged out of the former Science, Technical and Manufacturing Council. In 2005, Semta was merged with Metskill, the strategic skills body for the metals industry, which was retained as a separate company. In 2007, Semta established the National Skills Academy for Manufacturing as a 100 per cent owned subsidiary.

3.2 Semta's coverage is among the largest of all SSCs. It is also complex, comprising the sectors of aerospace, automotive, electrical, electronics, marine, mechanical, metals and engineered products, and science/bioscience.

3.3 Semta employs 93 people (Metskill, EMTA Awards Limited and NSA-M employ another 114) and has core funding of £1.7 million for 2008-09. It includes some of the most high-profile companies in the UK, including BAE Systems, Rolls Royce, and Toyota. There are 76,000 employers and two million employees, who contribute £74 billion per annum to the UK economy (10 per cent of total UK GDP). 66 per cent of employees work for large companies while 61 per cent of employers employ less than five people. The sector as a whole accounts for one-third of the UK's annual exports.

3.4 Semta's sector productivity, at around £102,000 GVA per employee, represents a high-value contribution to the UK economy, especially when benchmarked against the UK employee average of around £31,000.

3.5 In addition to the problems being created by the current economic downturn, Semta's sector employers have a number of key drivers and priorities:

- Technological change, incorporating systems, materials and IT, which requires upskilling in the area of technical skills.
- Environmental challenges such as reducing carbon footprints, waste and energy use, which requires skills in lean practice and process improvement.
- Innovation, which requires original research, entrepreneurship, new product and process development implementation, including reducing the procurement cycle.

Part Four

A Well Run SSC

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

4.1 Semta engages employers across the footprint through a variety of different methods and this is evident within the structure of the organisation. This is seen as a strength area by stakeholders, including the devolved administrations, although there is concern around the scale of the task that Semta faces, given the size of its footprint.

4.2 Semta revised its governance structure in 2007 to enable more effective engagement with employers at the strategic level. A new Chairman from an industrial background, is now working with a smaller Board which has representation from employers across the sectors. The Board's focus is on the overarching strategy for Semta within the context of its remit including skills strategy, policy and support. The Board and Executive Team are knowledgeable, experienced and well regarded by the stakeholders and employers who we consulted. The Board is supported by an Advisory Council constituted from large employers who provide views on longer term skills issues and also sector strategy groups who provide detail across the footprint.

4.3 Semta's Executive has built a strong team, adding capacity, expertise, and highly qualified staff where gaps have been identified. The structure was reviewed in detail following the restructuring of the Board. Prospective new staff undergo a rigorous selection process and Semta has developed specific job descriptions linked to targets and Key Performance Indicators. Semta's staff is motivated, approachable, and fully committed to providing quality services.

4.4 On a sector level, Semta has developed Sector Strategy Groups for each sector in the footprint (Aerospace, Automotive, Marine, Electronics, Metals Mechanical and Electrical and Bioscience). There is strong employer representation on each of the Sector Strategy Groups, which includes small and Medium-sized enterprises. As well as being advisory bodies to the Semta Board, each of these groups provides strategic leadership on the work of Semta in the context of their sector. This includes driving forward the delivery of the sector skills agreement and delivery of Semta's key goals.

4.5 Semta has an understanding of the skills needs across its footprint and this is reflected in its strategic plan for 2008-09 to 2010-11. The plan, which is based on "lean" techniques, is supported by annual plans for each of the operational areas. Each of these documents has key performance indicators in place although these are being developed further through the Sector Strategy Groups. Longer term financial planning is to be strengthened under the new Director of Finance.

4.6 Semta was recognised by the majority of feedback we received as being an employer led organisation. There is an Employer Engagement Strategy which is particularly important given the prominence of small and medium-sized enterprises. Ninety-three per cent of companies employ less than 50 people and 61 per cent of companies employ less than five people.

4.7 Semta recognises the importance of engaging with small and medium-sized enterprises and has implemented a series of events to improve levels of engagement. This has included regional dinners specifically aimed at reaching the smaller employers with whom there was no previous contact, and going to market in conjunction with well established organisations such as trade associations in order to raise Semta's profile. In addition, the marketing strategy has been revised to better reflect the business needs. A communications strategy has been developed for each area of project activity and Semta's website has been re-designed to reflect the needs of users, which has led to more hits. Employer based case studies are also produced to encourage employers by illustrating how they can invest in training.

4.8 The SSDA survey found that there is broad support from those that are actively engaged with Semta. Sixty-five per cent of relationships are based on a very or fairly detailed understanding of Semta's objectives which is similar to the average for all SSCs.

4.9 Semta has recently implemented a system for dealing with customer enquiries. A Customer Services team was established in April 2008 and has experienced a steady growth in the number of enquiries from 38 in April 2008 to 219 in October 2008. Through the Customer Relationship Management system, the Customer Services team raises awareness among employers, monitors engagement and outcomes and compiles reports on key findings.

4.10 Semta works in partnership with other stakeholders. Other SSCs are engaged, for example, through the Manufacturing Skills Alliance and the Science Cluster of SSCs. These are now established, although further funding is required. The Manufacturing Skills Alliance is made up of Semta, Cogent, Improve, Skillfast-UK and Proskills who are working together to encourage companies to sign up to the Productivity and Competitiveness programme, which has been specifically designed to help smaller companies improve.

14.11 Concerns were raised by some stakeholders as to whether joint working with Cogent on pharmaceuticals was effective for delivering the needs of industry. One employer stated that they were able to work with both organisations in this area, another one recognised that more clarity should be provided.

4.12 Feedback provided from awarding bodies and the TUC was particularly complementary with employer engagement, research, and an open, proactive approach being noted. Semta has implemented a Strategic Awarding Body Forum, which Edexcel considers to be an exemplary way for SSCs working with awarding bodies.

4.13 There is concern among some stakeholders, from across the four nations, that Semta's resources are limited given the complex sectors to be covered. For example, in the bioscience sector, it has taken time for Semta to build its capacity up to a level commensurate with the rest of its footprint. A sector skills agreement was approved in 2008 as a result of work led by the Bioscience Sector Strategy Group which is chaired by a senior employee of GlaxoSmithKline. Semta has also recruited its own bioscience specialist and is implementing a higher education forum for bioscience. There is now general recognition amongst employers and stakeholders that progress is being made in this area.

4.14 Semta has an internal and external Four Nations' Group which meets four times a year to critically examine variations between the nations and to identify best practice. The group has produced a briefing document (covering the 14-19, apprenticeships, Higher Education, Sector Skills Agreements and funding), which seeks to promote best practice and to inform users of the differences across the four nations.

4.15 Semta has four national managers, two in England who are supported by Regional Sector Leads, and one manager in both Scotland and Wales. There has been positive feedback from stakeholders and employers in the three devolved administrations on the Semta team and its active engagement. This was particularly evident in relation to engagement levels with small and medium-sized enterprises and all noted that there was a good local presence and an understanding of the particular features of their nation.

4.16 Feedback in Wales was that Semta has a well established profile within Wales with a wide range of qualifications and standards. There have been high levels of engagement with both stakeholders and employers. Staff are seen as highly committed. There is recognition that Semta is delivering against the Sector Skills Agreements and is working with other SSCs for example, through clusters for Science, Engineering and the Manufacturing Alliance., although further delivery is required in this area.

4.17 Semta in Scotland is seen to be effective overall. Employer engagement was seen as a key strength and the Semta team was viewed as approachable, innovative and knowledgeable. In common with other feedback, progress in the more traditional areas was seen to be further forward.

4.18 The Engineering and Training Council (Northern Ireland) operates on behalf of Semta via an annual Service Level Agreement. This seems to be an effective working relationship, and stakeholders and employers believe the organisations work to improve the supply of education and skills training available to employers in Northern Ireland. Employer engagement was noted as a key strength.

4.19 Semta appears to be attuned to the political process. It has contributed to policy, for example the Defence Industrial Strategy.

4.20 There were transparent financial links between Semta's strategy and the supporting operational plans. Semta generates investment income in the region of £0.5 million per annum from reserves. This is being closely monitored in light of the current economic climate. In addition, Semta will present a financial strategy to the Board in February 2009 which is aimed at growing income over the next five years.

4.21 Semta's auditors have raised no significant issues in relation to the **system of internal control**. A revised risk management system has been benchmarked against BAE Systems, Toyota and Spirita Group. An initial risk register has been produced and eight high level risks have been submitted for the Audit Committee to consider. Semta is ISO9001 Quality Management Framework accredited and has Investors in People status. The latter report highlighted strengths in relation to staff development and recognition of individuals' contributions.

Strengths

- Strong Leadership from the Executive and Board.
- Board, Advisory Council and Sector Strategy Groups have strong employer representation.
- Strength of employer engagement across the four nations, including with small and medium-sized enterprises.
- Relationships with awarding bodies and TUC are strong.
- Highly qualified staff who are seen to be experts in their field.
- Alignment of strategic and operational plans.

Areas for Improvement

- Full implementation of the revised risk management system.
- Consistent delivery across all sectors.

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 LMI, standards and qualifications development.

5.1 The majority of stakeholders and employers interviewed consider Semta's **Labour Market Intelligence** to be robust and relevant to their industry. An experienced team uses national and regional data sources and Intelligence Networks to draw together research.

5.2 Semta recently developed its **research** strategy to ensure that Semta's knowledge and understanding of its sector in each of the Four Nations are enhanced and clearly evidenced, with particular reference to skills issues that are important to employers. Research activity carried out includes:

- Evidence gathering for the Sector Skills Agreements.
- Specific research on occupations that were being considered for the Home Office Skills Shortage Occupations list and the development of a migrant workforce policy.
- Evaluations of projects that showed their value to employers and led to further skills provision and developments.
- Consultation with employers to gain their views, e.g. for the Sector Qualification Strategy.
- Contribution of evidence to various Government consultations.
- The use of labour market intelligence to promote the engineering and science sectors and to improve careers information, advice and guidance.

5.3 We found examples of Semta's research providing a strong evidence base for influencing policy. For example, Semta's research highlighted the importance of staff with intermediate skills such as technicians. The SSC then worked effectively with the Learning and Skills Council resulting in Level three National Vocational Qualifications being included in the Sector Brokerage Project and subsequently in the Sector Compact.

5.4 Semta is an active member of the Intelligence Network in which SSCs share best practice and identify appropriate data sources. Semta has the largest membership in this network with ten out of the eighty three members from Semta.

5.5 Semta has developed a Research Communications Strategy to make labour market information more accessible to stakeholders and employers. According to the SSDA survey (2007) 62 per cent of those providing ratings have received or looked at labour market information supplied by Semta (slightly below the average of 67 per cent across all SSCs). Stakeholders who have received or looked at labour market information from Semta are positive about it: 85 per cent are satisfied, with an average rating of seven out of ten. Since then, Semta has improved the accessibility of labour market information through its development of Skills Balance Sheets. These identify key trends, for example employer demands and the availability of learning providers at a regional level, and have been presented at a series of regional dinners. They have been well received by employers, government bodies and careers advisors. Feedback from stakeholders and employers consulted through the re-licensing process was that Semta's labour market information reflects the needs of the relevant sectors.

5.6 Employers and stakeholders consider labour market information to be robust, of a high technical standard and reflective of the particular needs and requirements in the Devolved Administrations. For example, Semta engages with employers well in Scotland and is seen to have a good understanding of the Scottish Qualifications System.

5.7 Semta identified the skills priority needs of the sector through research across 6,000 companies and input from sector strategy groups, the Board and Advisory Council. This informed the **Sector Skills Agreements** which are now fully in place and include:

- Aerospace, Automotive and Electronics completed in January 2006.
- Marine completed in July 2006.
- Bioscience completed in February 2008.
- Metals, Mechanical and Electrical completed in March 2008.

There is a need to ensure that these are continually updated.

5.8 There is a clear link from the skills priority needs identified in Semta's gap analysis through to their sector skills agreements, Action Plans and Sector Qualification Strategies.

5.9 Semta engaged with all the nations in the **Sector Qualification Strategy** development as part of the Sector Skills Agreement process. The Sector Qualifications Strategies focus on the needs of employers identified in the Sector Skills Agreements. Semta has developed three Sector Qualification Strategies:

- Automotive, Aerospace, Marine and Electronics Sectors which was signed off in March 2007.
- Metals, Mechanical and Electrical Sector which was submitted to UKCES in August 2008 and signed off in November 2008.
- Bioscience which was submitted to UKCES in August 2008 and received formal sign off in November 2008. The Action Plan is now in the implementation phase.

5.10 The Sector Qualifications Strategy will be kept under regular review, subject to systematic evaluation, and updated to reflect national and UK wide strategic qualifications development.

5.11 Semta is responsible for 2,474 National Occupational Standards. There is a dedicated Standards Team within Semta who consult employers and stakeholders in developing National Occupational Standards. Stakeholders, for example the Qualifications and Curriculum Authority stated that Semta was highly organised in its National Occupational Standards and National Qualifications Framework work and showed clear consultation across the four nations with a variety of different stakeholders. Semta has a clear strategy for the management of National Occupational Standards which it has implemented. A systematic review of all standards has been undertaken and there is a programme for future review. There is a risk that the future development of National Occupational Standards could be constrained by the requirement to meet the Qualifications and Credit Framework by 2010, although Semta have revised their plans in light of the additional resource that has been made available.

5.12 The question of the possible migration of NVQs to the Qualifications and Credit Framework and discussion of this issue has taken up a significant amount of Semta's resource. Semta, considers that it is reflecting the views and requirements of their employers by seeking to retain NVQs within the framework. However, it is the view of central government that further progress could have been made in this area and there are currently significant concerns regarding the ability of Semta to meet the 2010 deadline. This could lead to gaps in provision, although Semta has prioritised the NVQs that are in high demand to be moved to the Qualifications and Credit Framework first. Semta have agreed a plan with both DIUS and Ofqual to meet the 2010 deadline and has the commitment of the Semta Chief Executive and the Chairman.

5.13 Recent discussions between Semta and Ofqual have provided some clarity, for example in relation to the retention of NVQs within the new framework, and further resource has also been made available. Semta stated that this has provided clarification as to how progress can be made in relation to the migration of qualifications. Following our site visit, Semta have revised their plans in this area and have stated that they are now working towards the 2010 deadline, although progress still needs to be made.

5.14 Semta is seen as particularly strong in the development of apprenticeships. Current achievement rates for apprenticeships and advanced apprenticeships are 58 per cent and 63 per cent respectively, which are above average.

5.15 Joint working is also evident in the development of **diplomas**. Semta is the lead SSC for both the Engineering Diploma (Phase one) and the Science Diploma (Phase four). Both have involved significant levels of liaison with employers, stakeholders and other SSCs. Phase one diplomas commenced their first intake in September 2008. The number of applicants approved was lower than initially expected by government, although the engineering diploma achieved the second highest intake across all diplomas at phase one. Semta are currently in the process of approving further consortia in an attempt to significantly increase numbers for the 2009 intake.

5.16 Stakeholders expressed concern over the resourcing of diploma development. Semta is currently the only SSC who has one person leading on two diplomas, although Semta considers that this enables learning to be shared more effectively across both diplomas. Progress is being made on the Science Diploma and consultation on the line of learning statement is about to commence.

5.17 Higher Education has always been a priority for the Bioscience sector. However, research identified that it was not a priority across all Semta's sectors. Recently changing needs have been identified across the sectors and a Higher Education Strategy has been developed. This strategy sets out how Semta will communicate and deliver its employer-led higher education vision, objectives, plan and delivery. For example, to influence teaching and learning across STEM higher education, Semta has developed effective working relationships with Higher Education Academy York and Higher Education Academy subject centre.

5.18 Semta has a good relationship with **Awarding Bodies**. Registrations and certifications for NVQs are at an all time high. For example, the number of level two NVQ registrations in Engineering was 36,527 in 2003 and increased to 53,085 in 2007. NVQs are an integral component of Apprenticeship Frameworks.

5.19 Positive feedback was received from the Awarding Bodies on Semta. In particular, the forum was seen as an exemplary way of working with awarding bodies. In addition, the SSC owns EMTA Awards Limited. This awarding body has a separate managing director and board. Feedback provided from an awarding body suggests that the working relationship between Semta and EMTA Awards Limited is appropriate.

5.20 Semta produces a large number of standards, and while some of the more specialised qualifications are tailored to meet the needs of a smaller employer base, occasionally take-up has been disappointing. Over the development and implementation of the Sector Qualifications Strategy, Semta is seeking to reduce 40 per cent of the original National Qualification Framework redundant qualifications across the sector in partnership with Awarding Bodies.

Strengths

- Labour market information is seen to be robust and relevant by its users.
- Strong research capability.
- Production of the skills balance sheets to improve accessibility of labour market information.
- Evidence based approach to qualifications development.
- Management and review of National Occupational Standards.
- Development of bespoke qualifications for the sector, including the engineering diploma.

Areas for Improvement

- Further implementation of the Sector Strategy Groups plan.
- Rationalise the number of qualifications as part of the process for complying with the published timetable for the Qualifications and Credit Framework in 2010.

Part Six

SSC Sector Specific Solutions

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

6.1 Sector Strategy Groups are in place to drive forward the delivery of the Sector Skills Agreements and to ensure continuous engagement with employers. Each of the Sector Strategy Groups has recently developed a strategy for its area of the footprint. The chairs of the Sector Strategy Groups and the four nations have had an initial meeting to discuss and share ideas. These meetings are intended to continue in order to share initiatives and best practice as appropriate.

6.2 Semta works well with a wide variety of other **stakeholders and organisations** in the development of its sector specific solutions. Semta participates in various SSC alliances to discuss joint priorities and initiatives. There is also participation from other SSCs in the development of Semta's own strategy. For example, Cogent sits on the Bioscience Sector Strategy Group.

6.3 The large number of small and medium-sized enterprises presents a particular delivery challenge. Semta has set itself challenging targets in relation to engagement with these organisations. In the next three years, it intends to engage with 18,000 of these organisations. Progress is being made via a variety of methods including one-to-one meetings, regional dinners, and existing employer fora. Marketing is also done jointly with trade associations and large employers in order to generate more interest and to reach wider audiences.

6.4 Semta has also responded to the specific needs of Small and Medium-sized Enterprises by developing different methods of delivery and engagement in order to increase the accessibility of qualifications to a wider employer base. A key example of this engagement is the **shared apprenticeship scheme** which has been piloted in Wales with the support of the Welsh Government. This has enabled employers in Small and Medium-sized Enterprises who have not previously participated in apprenticeship training (largely due to resource constraints) to pool their resources and share the training of apprentices. There is potential to roll out this model across the rest of the four nations.

6.5 Another example of innovation in apprenticeship delivery is the **hybrid diploma**. This is a mix between the theory of a diploma and the work-based learning of a Young Apprenticeship. It has resulted in the overall time for delivery being reduced by 140 hours, which has produced a more viable option for many employers and learners. In addition, within the Young Apprenticeship scheme, the student has the ability to spend their work-based time at more than one employer. The flexibility of the scheme allows for small and medium-sized enterprises to be engaged and to date, demand for places has been high.

6.6 Semta is also one of only two SSCs that currently offer a **higher apprenticeship**.

6.7 The **National Skills Academy for Manufacturing** is intended to bring employers and training providers together so that provision meets industry standards. It aims to have 40,000 learners by 2012. There are eight Regional Advisory Groups (a ninth, in Yorkshire and Humberside, is in the process of being established), each of which is chaired by a person from a major employer. Their remit is engage with employers and oversee the delivery of the National Skills Academy for Manufacturing. Feedback is generally positive although there is recognition that limited delivery has taken place.

6.8 The National Skills Academy for Manufacturing has developed an online e-portal which allows companies to access and use a range of online products aligned to the Four Action Themes of the Sector Skills Agreement. The data derived from this self-diagnostic tool can be used to determine employer engagement and demand for products from a particular company, sector or region.

6.9 The Sector Skills Agreements identify the need for employers to become more productive and competitive within an increasingly global market. As a result, the **Business Improvement Techniques NVQ** was developed. This is the only work-based learning qualification that focuses on sustainable productivity improvements and is aimed at implementing lean manufacturing processes. Alongside the NVQ, Semta has also developed the **Productivity and Competitiveness** tool which uses trained analysts to perform a diagnostic of the company both before and after training. This enables the analysts to provide a demonstrable link to the improvement to quality, cost and delivery (including the impact on the overall bottom line profit) as a result of training undertaken. Following a successful Semta pilot, analyst networks have been developed and are being used by manufacturing SSCs across the English regions to improve productivity. In addition, the Manufacturing and Skills Alliance is developing the methodology so that the initiative can be applied to the whole of UK engineering, manufacturing and process industries.

6.10 Semta supports the 'Women into Science and Engineering' and has helped to increase the number of women being attracted into the sector.

6.11 Semta was successful in securing funds to undertake a 'Women and Work' project that aims to develop career plans and opportunities for 400 women, employed in at least eight different companies in England in the Science, Aerospace and Marine sectors. Semta is working closely with Prospect, Amicus and CSEU, as well as the UK Resources Centre for Women to achieve this objective.

6.12 SSCs have encouraged the use of skills competitions as a way of engaging employers and employees. Semta has commenced preparing for the **WorldSkills** competition in 2011 in London. Some external stakeholders have expressed concerns about progress in this area, and an appointment to the skills competition post has recently been made.

6.13 The time required to develop courses and material can make it difficult to respond quickly to the changing financial climate. However, Semta is also seeking to respond to the current economic climate by further promoting the use of training in order to upskill employers (e.g. through the Compact) and the development of specific courses through the National Academy for Manufacturing.

6.14 Employers and stakeholders across the four nations engaged in the relicensing process felt that Semta understood and responded to their needs and was focusing on delivering employer-led solutions. There was consistency in this feedback across the UK in the strength of Semta's employer engagement. Some progress has been made with newer sectors, though Semta is still perceived as stronger in some sectors than others.

Strengths

- Flexible development approach.
- Partnership working with other SSCs and wider stakeholders.
- Establishment of the National Skills Academy for Manufacturing.
- Work on making apprenticeships accessible to a wider base of employees.
- Development of the productivity and competitiveness tool.

Areas for Improvement

- Further develop the Sector Strategy Groups and Four Nation Groups sharing of best practice.

Part Seven

SSC Results and Impacts

The Sector Skills Council 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 products, services and solutions.

7.1 Procedures are in place to monitor performance, although this needs to be developed further to monitor impacts across all sectors and nations.

7.2 In 2007-08, Semta secured funding of £5.9 million to address the skills needs of its sectors throughout the UK with a further £7.2 million of unsecured funding. Projects and initiatives include:

- Brokerage activity.
- Establishing the National Skills Academy for Manufacturing.
- Information Advice and Guidance.
- Women into Work.
- A number of Memorandum of understanding were agreed with key trade associations.
- A high performance companies pilot for the Welsh Assembly Government.
- Productivity and Competitiveness frameworks for Business improvement techniques in Scotland.
- Business Improvement Techniques NVQ.
- Level 2 funding for the Engineering and Manufacture sector.

7.3 Semta has raised employer awareness from nine per cent in 2007 to 15 per cent in 2008. It engaged with approximately 5,500 companies in 2007-08, which was a fivefold increase on its target for the year.

7.4 Case studies are produced for all of the key projects developed and there is particular reference to the way in which Semta works with Small and Medium-sized Enterprises within these. For example, the Productivity and Competitiveness Framework initiative has benefited companies through the use of lean techniques and upskilling of the workforce. During the West Midlands pilot, there was an average financial benefit of £93,000 per company involved.

7.5 Semta routinely monitors performance on N/SVQs and apprenticeships. Feedback from the Department of Innovation, Universities and Skills on Semta's promotion of apprenticeships is strong. Semta has played an important role in reviving apprenticeships in sectors that have traditionally offered this route into work. Between 2003 and 2008, Semta worked to increase the volume of N/SVQ registrations by 40 per cent. NVQ registrations across Semta's sectors are at an all-time high.

7.6 Semta has improved **customer satisfaction** levels in its awarding body, EMTA Awards Limited, to 81.9 per cent. It has also established a network of 42 newly approved quality assured providers and 350 trainers and assessors in the National Skills Academy for Manufacturing.

7.7 Work is ongoing with employers to assess and impact upon their attitudes to training. A six point scale has been developed which assesses the employer's attitude to training from a scale of one being integral to the approach of the organisation to six where there is little training in place and limited benefit is perceived. Depending on the outcome, Semta can work with the employer to demonstrate and promote the tangible benefits of training.

7.8 Semta agreed a £65 million Sector Compact Partnership with the Department of Innovation, Universities and Skills including agreement of simplified customer journey protocols and a flexible sector specific offer which measures economic benefit. Given timing, it is too early to see the impact of the Compact although anticipated outputs include:

- 3,000-4,000 employer engagements leading to a skills broker referral within Train to Gain;
- 20,000 NVQ level 2 and 10,000 NVQ level 3 achievements;
- 3,000-4,000 Skills Pledge Commitments;
- 3,000 apprenticeship starts across age bands;
- 6,000 skills for life achievements; and
- 15 per cent of target employers engaged also referred to other agencies/programmes.

7.9 All key documents including the strategic plan, the operational plan and supporting delivery plans **have key performance indicators** in place. To date, these have largely focussed on levels of engagement, for example employer and stakeholder contacts made and learner and provider numbers achieved, although the monitoring of impacts and outcomes has also been developed. In addition performance in relation to National Vocational Qualifications and apprenticeships are routinely monitored. Semta is in the process of developing a range of further key performance indicators across each sector group, although there are some concerns regarding both the availability and quality of external information to allow for effective evaluation.

7.10 Semta has so far focussed on the engagement of employers, particularly in relation to the development of its strategy. It has action plans in place for each of the four nations and Sector Strategy Groups are refocusing on the delivery of the overarching strategy within their sector. There is now a need to increase delivery and to demonstrate tangible impacts across all of its sectors.

Strengths

- Semta has been successful in helping to re-invigorate the utility of apprenticeships.
- Semta has used funding from a variety of sources to assist businesses, including Small and Medium-sized Enterprises.
- Improvement in employer engagement.

Areas for Improvement

- Clarify the availability of external data to support the monitoring of impacts and results.

Technical Annex

Performance Assessment Methodology

Background

The National Audit Office (NAO) has undertaken this Independent Performance Assessment of Semta 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 LMI, 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 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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