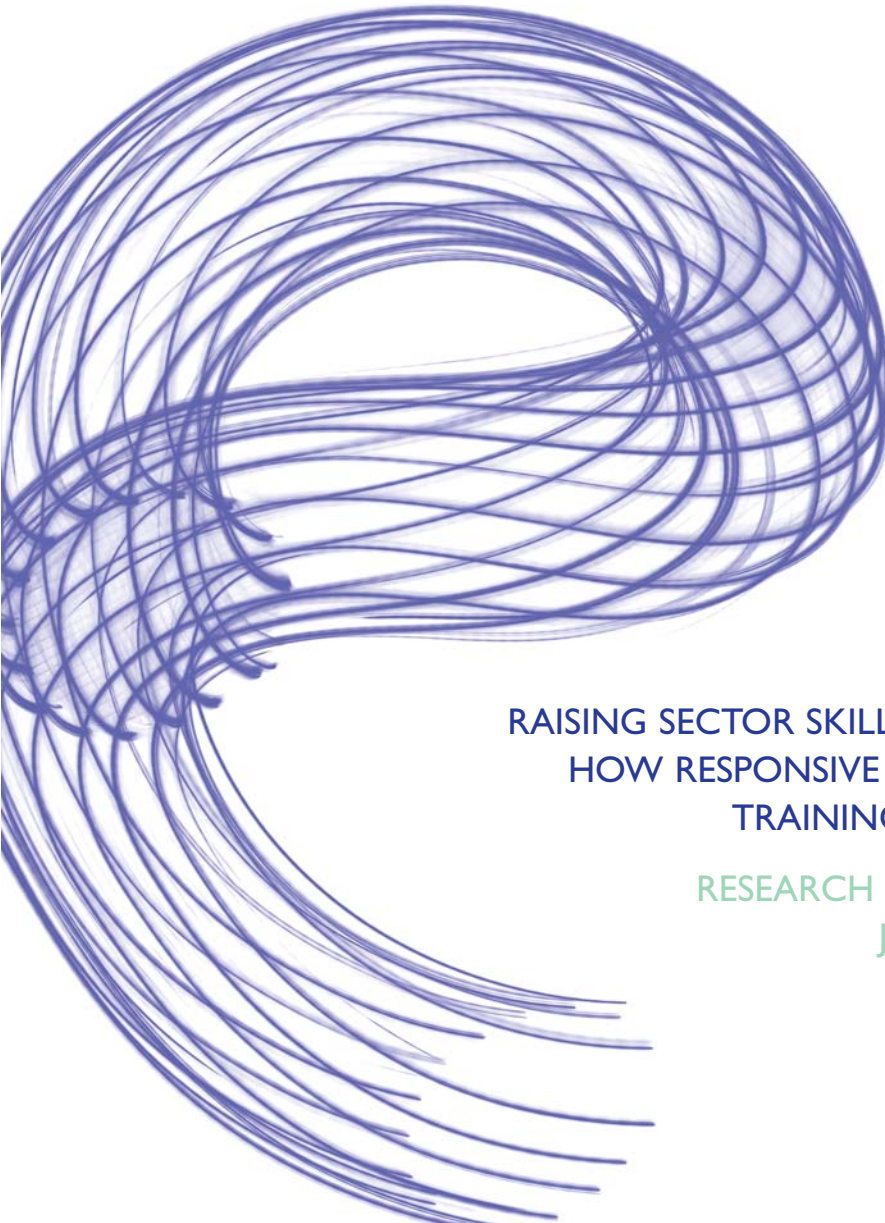


# EXECUTIVE SUMMARY



## RAISING SECTOR SKILL LEVELS – HOW RESPONSIVE IS LOCAL TRAINING SUPPLY?

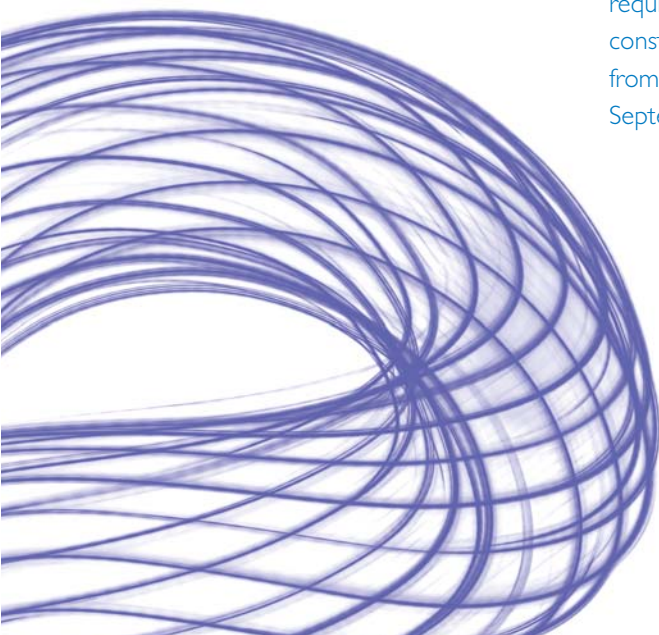
RESEARCH REPORT 9  
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## RAISING SECTOR SKILL LEVELS – HOW RESPONSIVE IS LOCAL TRAINING SUPPLY?

This research summary presents key findings from a study into the training needs of employers who wish to upgrade the skills of their existing staff and the ability of local Vocational and Educational Training providers to respond to these needs. The National Institute of Economic and Social Research was commissioned to conduct this research by the Sector Skills Development Agency (SSDA), to help inform and fill in information gaps around 'Improving Learning Supply', a key area of work for the SSDA and the Skills for Business network as a whole.

1. In this study we seek to shed new light on the extent and nature of any mismatches between employers' training requirements and local vocational and educational training (VET) provision. We have made use of an innovative methodology which proceeded in two stages:

- A telephone survey of establishments in selected sectors and regions, designed to capture in finer detail than hitherto available the extent and nature of employers' current skill improvement and updating needs (conducted in June and July 2004)
- Interviews with staff in colleges and training providers in the same regions to discuss the survey findings on local employers' training requirements, and then to probe the extent to which these providers are already catering to those requirements and the nature of any constraints which may be impeding them from doing so (conducted between September and December 2004).



2. The survey covered employers in four sectors and eight regions which were chosen for diversity:

- **Maintenance and repair of motor vehicles:** Devon and Cornwall, Greater Manchester
- **Telecommunications services:** London West, Berkshire, Hampshire; Greater Merseyside, Greater Manchester, Cheshire and Warrington
- **Mechanical engineering, vehicles and other engineering:** Black Country, Hampshire and Isle of Wight
- **Textiles, clothing and footwear manufacture:** Leicestershire, West Yorkshire

3. In all four sectors large majorities of establishments reported that the **skills needed by core groups of employees were expected to change over the next 12 months.**

Detailed follow-up questioning shed considerable light on the nature of these changing skill requirements. For example, the sought-after improvements in technical skills centred in vehicle maintenance on diagnostics, electronics and keeping up to date with new technology. In the other three sectors updating in the use of new technology also featured alongside sector-specific technical skills such as improved product knowledge and electrical installation and cabling in telecoms services; machine-setting and specialised programming in mechanical engineering; and use of standard programmes and adaptation to new software in textiles, clothing and footwear. The survey results also permitted a close monitoring of the extent to which technical skill upgrading needs overlap with required improvements in communication skills and in leadership and supervisory skills.

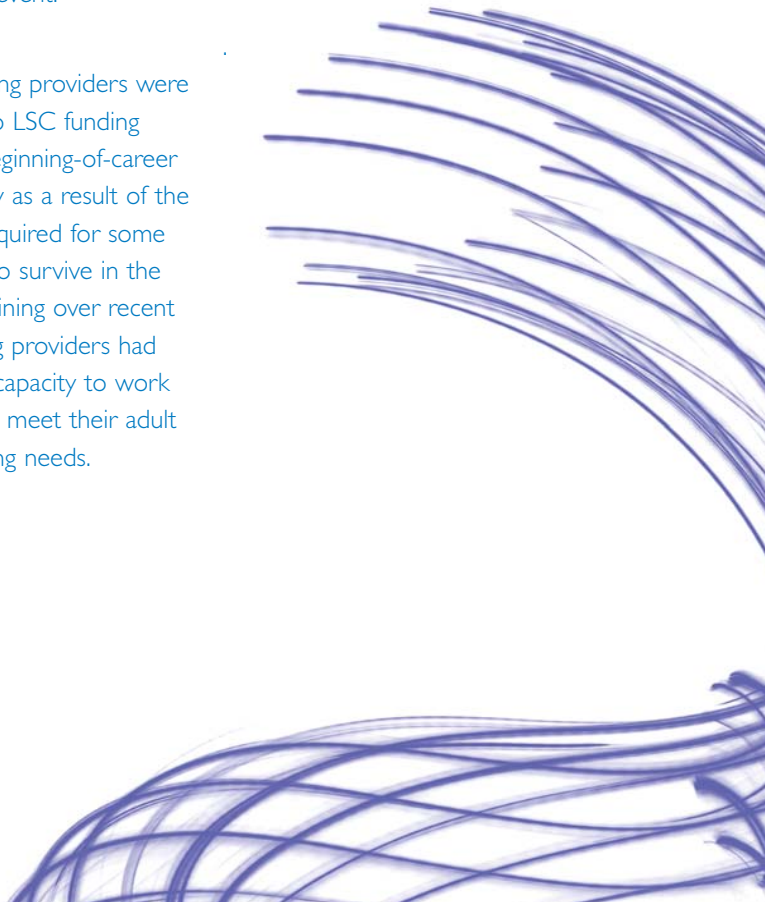


4. Only minorities of establishments in each sector expected to call on the services of further education (FE) colleges or commercial training providers in order to help meet their skill upgrading needs. They were much more likely to rely on their own resources or – in all sectors except textiles – make use of training services provided by machinery or equipment suppliers. The main reasons cited for not making more use of colleges and commercial training providers were the perceived lack of relevance of their courses to companies' training needs and expected costliness.
5. These reservations did not appear in the main to be based on past negative experiences of using college and training provider services. Indeed, most establishments which had used external training suppliers in the past gave positive evaluations of their effectiveness. However, the majority of employers simply believed that colleges and many commercial providers were unlikely to be able to help them update their workers' skills. The reactions of many college and training provider interviewees to the survey results showed that there is in fact some justification for these beliefs.
6. The **bulk of skill upgrading needs identified in the survey related, firstly, to adult employees and, secondly, to gaps in skills which could be filled through reasonably short courses of training.**
7. The majority of FE college departments interviewed for the study were not well placed to commit resources to the preparation of training needs analyses and training plans for local employers or indeed to deliver much of the training that was apparently needed. The departments' stated first priority was to deliver courses, usually 12 months or more in duration, that led to accredited qualifications that would attract Learning and Skills Council (LSC) funding. Although some examples of adult participation in these courses were found, most of the provision was for 16-20 year olds at the beginning of their careers. Most teaching staff were fully engaged in delivering these LSC-funded courses and were therefore not available for short course preparation or delivery. In addition, several department managers reported that efforts to provide updating training would be hampered by out-of-date equipment and gaps in the FE teachers' own skills and knowledge.

8. Where FE departments did have experience in providing short training courses for local employers, these relationships tended to be with large companies who could put forward a sufficient number of trainees to justify the departments' efforts in developing the courses. There was reluctance to invest time in developing relationships with small and medium-sized enterprises (SMEs) who could only offer small numbers of trainees and who were seen as unlikely to be willing to pay the full costs of training in any event.

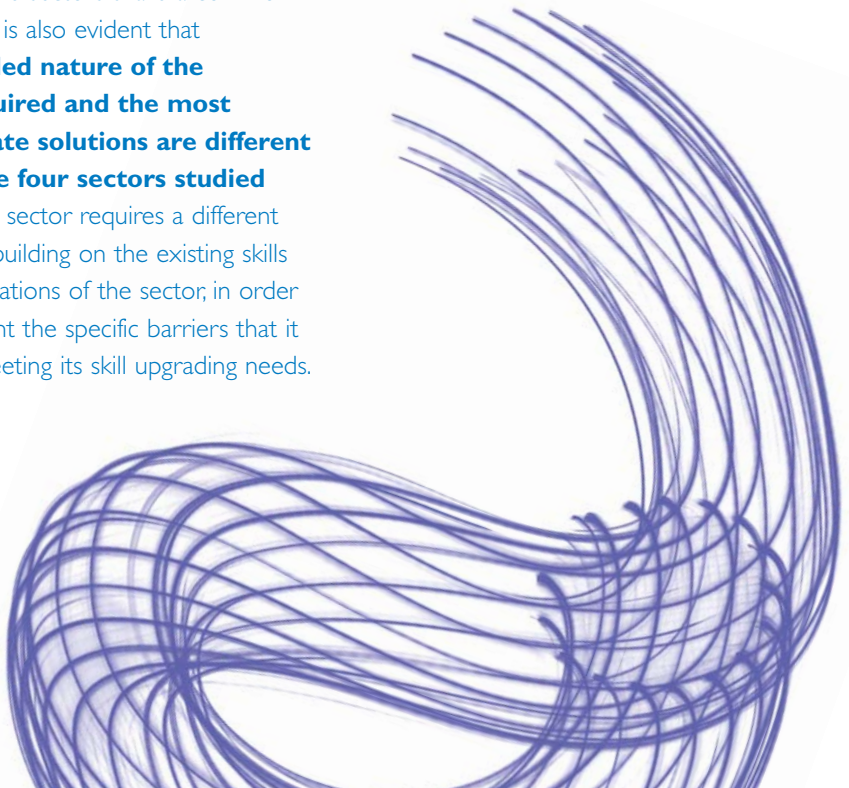
9. Many commercial training providers were also strongly wedded to LSC funding requirements and to beginning-of-career training. However, partly as a result of the entrepreneurial skills required for some of these organisations to survive in the changing market for training over recent decades, several training providers had already developed the capacity to work with local employers to meet their adult employees' skills updating needs.

10. The majority of training relationships were confined to large companies for similar reasons to those advanced by FE department managers: SMEs did not provide opportunities for economies of scale and were less likely to be willing to pay for full-cost training courses. However, there were some examples of SMEs being brought together through joint membership of training associations which sought to identify the commonalities among their many different training requirements.



11. In spite of some positive examples of vocational and educational training (VET) provision that meets local employers' skill upgrading needs, the central conclusion that emerges from the study for all four sectors is that **significant gaps exist in training provision**, in particular, in short courses designed to update the skills of adult employees and particularly adult employees in SMEs. Given the diversity of the four sectors in question, it would not be surprising to find that these gaps are in fact widespread across England, although further research would be required to establish this with certainty. Although the sectors share a common problem, it is also evident that **the detailed nature of the skills required and the most appropriate solutions are different across the four sectors studied here**. Each sector requires a different approach, building on the existing skills and qualifications of the sector, in order to surmount the specific barriers that it faces in meeting its skill upgrading needs.

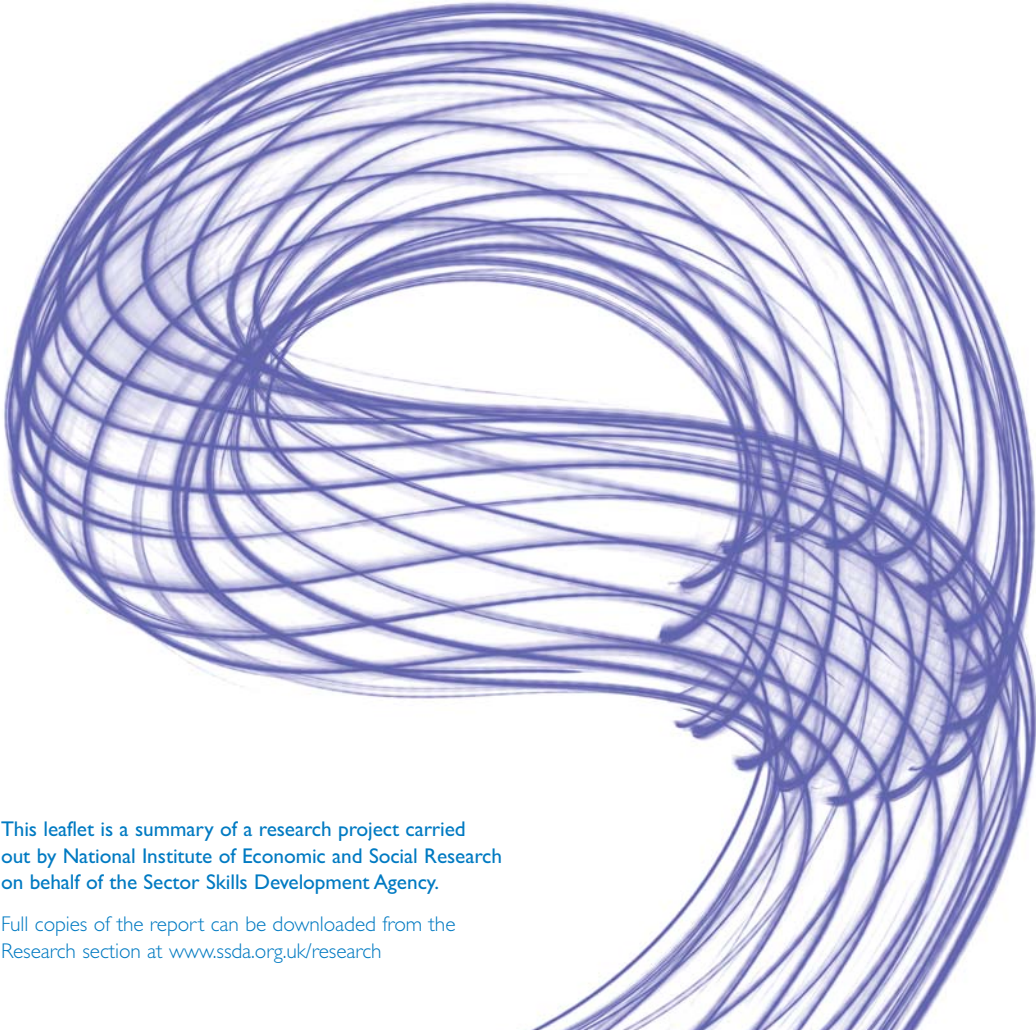
12. The study's findings have important implications for Sector Skills Councils (SSCs), some of which are presently engaged in drawing up Sector Skills Agreements (SSAs) between employers and education and training suppliers. The detailed nature of the skills required and the most appropriate solutions clearly differ across the four sectors studied here. Each sector requires a different approach, building on the existing skills and qualifications of the sector, in order to surmount the specific barriers that it faces in meeting its skill upgrading needs.



13. The National Employer Training programme (NETP) which builds on the Employer Training Pilots (ETPs) has the potential to help meet some of the skill needs which have been identified, for example, upgrading the skills of operators and warehouse people who have good industrial experience but very few formal qualifications. However, if its remit does not extend beyond the ETPs, its effectiveness is likely to be more limited, firstly, by not covering attendance on short focussed training courses which do not lead to formal qualifications; and secondly, by not being applicable to groups of employees whose skills may need upgrading but who already hold formal qualifications at NVQ2 level or above. (Although the recent White Paper 'Skills: Getting on in business, getting on at work' proposes trials of contribution to Level 3 training in two regions in England in 2006-07 and 2007-08, it is currently not clear if this will have a wider application). The results from this study alongside the evaluation material from ETP should feed into the future design of the national programme. Any final decisions as to whether the scope and workings of ETPs should be modified, as they are rolled out to the National Employer Training Programme, must also be based on an assessment of the existing skills and qualifications of the sectoral

workforce. SSCs already have responsibility for identifying priority training needs at NVQ3 level and above and this issue will no doubt be covered in SSAs. The Sector Skills Agreements will thus form another important input into policy development around NETP.

14. Thought also needs to be given to new incentives for SMEs to pool resources as subscriber-members and participants in collective training associations of different kinds. Without such policy innovations, large numbers of SMEs are likely to continue trying to 'get by' on their own without really addressing their skill upgrading needs — and colleges and other training providers will continue to assume that, in the end, most SMEs are either unwilling or unable to pay the costs of training courses delivered outside the LSC funding system, thus perpetuating a 'vicious circle' based on existing and perceived attitudes and funding issues.



This leaflet is a summary of a research project carried out by National Institute of Economic and Social Research on behalf of the Sector Skills Development Agency.

Full copies of the report can be downloaded from the Research section at [www.ssda.org.uk/research](http://www.ssda.org.uk/research)