

EXECUTIVE SUMMARY

EVALUATION OF THE PATHFINDER SECTOR SKILLS AGREEMENT PROCESS

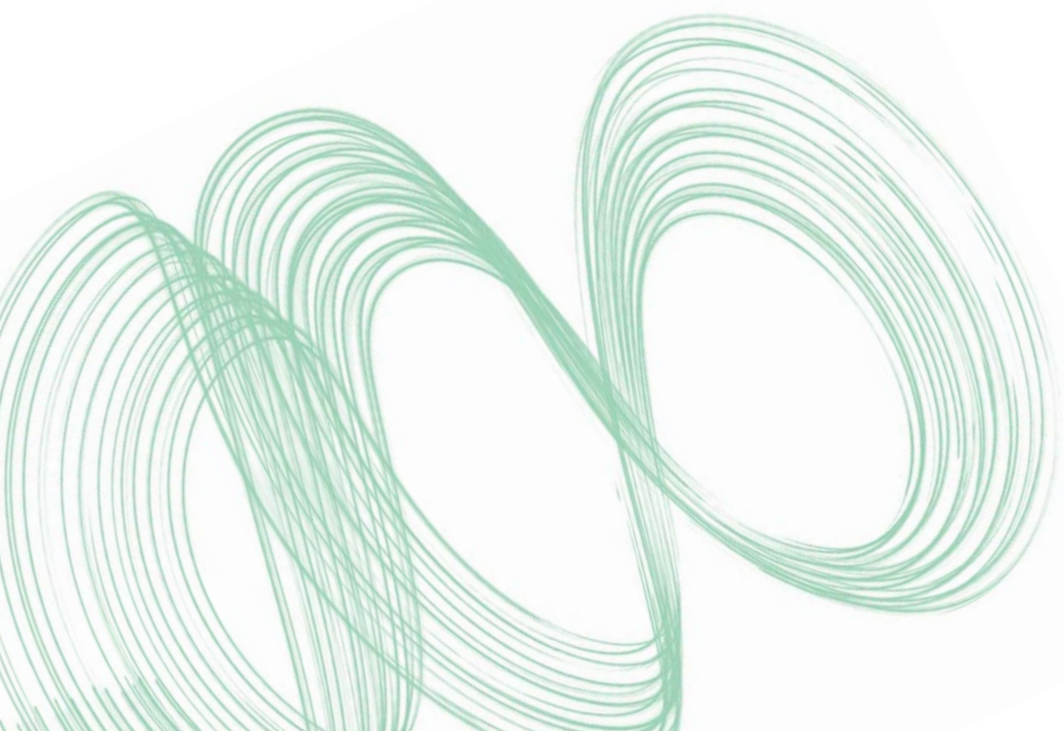
RESEARCH REPORT 15
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Overview

This evaluation presents a detailed picture of the Sector Skills Agreement (SSA) development process as it was experienced by the first four Sector Skills Councils (SSCs) to trial the process (ConstructionSkills, e-skills UK, SEMTA and Skillset), and the other key partners and stakeholders involved. It highlights the key achievements and lessons learnt from the initial 'pathfinder' phase, as well as making a number of policy recommendations.

The UK Government's Skills Strategy published in July 2003 announced that Sector Skills Agreements would be developed by the SSCs to set a 'longer term agenda for raising productivity in each sector, the skills needed for international competitiveness, and how employers might work together on a voluntary basis to invest in the necessary skills'.¹ As such, SSAs are an important test of the effectiveness of the Skills for Business network.

1. 21st Century Skills: Realising our Potential, July 2003.



Developing an SSA is a five-stage process comprising:

- a **skills needs assessment**, which is a forward-looking analysis of the drivers of change in a sector and how this translates into future skill needs (Stage 1)
- an **assessment of current education and training provision** (Stage 2)
- a **gap analysis** bringing together the views of demand and supply as the basis for identifying priorities for action (Stage 3)
- an assessment of the **scope for collaborative action by employers** to address the identified skills gaps and weaknesses (Stage 4)
- an **action plan** outlining the joint actions to be taken by SSCs, employers and partners to meet sector skills needs (Stage 5).

The pathfinder phase provided an opportunity to trial this staged process, to identify good practice, and to test the capacity of the skills infrastructure across the UK to deliver SSAs successfully.

The evaluation research, carried out by independent research consultants, aimed to capture this information through a series of in-depth case studies tracking the progress of the four SSCs involved.

The case studies consisted of interviews with SSC staff, contractors, partner organisations, stakeholders and employers, as well as a review of the written documents produced during the development period. The evaluation covers the progress made in the pathfinder phase up until to July 2005 in England, Scotland and Wales.

Key Findings

The SSA Process

The SSA development process has proven to be robust, and provides the best basis for achieving the challenging outcomes required. The five stage approach was found to be logical, although in practice each stage was not necessarily completely distinct and there was some overlap.

The SSA process has marked a step-change in how SSCs engage with employers and stakeholders. It provides a strong 'framework for action' and a potentially powerful mechanism for influencing.

Employer and Stakeholder Relations

The pathfinder SSCs were stronger in terms of engagement with employers than with stakeholders. The SSA process offers an opportunity to shape the very future of a sector, particularly through the scenario-building component, and this acted as a key 'hook' for the pathfinder SSCs in engaging employers in the process.

The pathfinder experience showed that involvement and negotiation with stakeholders from an early stage is crucial for success. It is critical for SSCs to lay the foundations for stages 4 and 5 of the SSA early on in the process to give stakeholders a clear sense of what they are working towards, and to allow them to absorb the messages emerging. The SSA Project Boards in England, Scotland and Wales were a crucial mechanism for ensuring the involvement of a wide range of key partners.

Research and Intelligence

The research and LMI requirements of the SSA emerged as a critical tool for achieving influence with stakeholders. Research offers a very effective way for SSCs to open dialogue with policy partners nationally and regionally and is perceived as the SSCs 'bringing something to the table'.

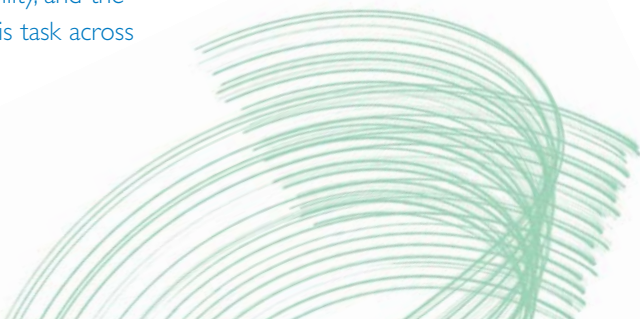
In terms of the research outputs produced, the assessments of sector skill needs tended to be stronger than the assessments of current education and training provision. The assessment of current provision was the weakest component of the SSA process. This partly reflected problems with the existing evidence base, issues relating to data access and comparability, and the complexity of undertaking this task across all of the UK countries.

The Agreements

The SSA provides the basis for a new and richer dialogue with employers, although it is challenging to translate this into a substantive commitment to action. This partly reflects the fact that in some sectors, getting employers to work jointly with competitors is a new approach.

The most impressive aspects of the final pathfinder SSAs were around activities that the SSCs had already been planning or piloting. The SSA helped make these a reality, or to grow in scale.

At the start of the SSA process, it was difficult for key partners and actors to articulate what the final agreements would actually look like. Most respondents referred to strategic change, and two or three 'big ideas'. In reality, the final pathfinder SSAs are robust, 'workman-like' strategies that reflect the complexity of the solutions and partnerships required. A large number of deals are included, which sometimes makes it difficult to see the strategic picture. Moving forward, the network needs to ensure that this tendency does not undermine the effectiveness of the SSAs.



Key Lessons

The evaluation contains many learning points, some of which have already influenced policy and practice.

Key lessons include:

Planning and Managing the Process

Developing an SSA is not a task that can be devolved to a single individual, or even a distinct project team within an SSC. As one pathfinder SSC described, the SSA process effectively 'consumes the organisation' for the period of development and beyond.

Putting together an SSA requires an SSC to have communication structures to enable all its various departments to work together - across the whole of the UK. Significant contributions from senior SSC staff are also required throughout the process in order to deliver the most effective deals.

Eighteen months is a realistic time period in which to undertake an SSA, although it may be possible for some SSCs to complete the process in less time, provided preparatory work has been undertaken, and there is adequate staff capacity in place.

The SSA process should act as a lever for SSCs to strengthen their internal staff capacities. Although consultancy support will be needed for some tasks, management of the process should not be 'farmed out' to consultants. It is important that the SSC takes ownership and has a leading role in shaping the outputs.

Involving Employers and Stakeholders

The focus in terms of employer involvement should be on industry influencers rather than being representative. It is sensible to have 'market leaders' as key contributors as they can add real value.

SSCs should, however, look for a range of different actors to be involved.

Leading academics and other industry experts, employer organisations, trade federations and trade unions all can make valuable contributions to the process.

Dialogue with the full range of key stakeholders needs to take place early on in the process, and actively (e.g. in informing the outputs from the intelligence phase). Some early pathfinder SSC engagement with stakeholders, because of its passive nature, made joint action more difficult later on in the process.

Research and Intelligence

The SSA process is highly research-intensive, and it is important for SSCs to have sufficient in-house research capacity in place.

Preparation for the intelligence phase is crucial, and SSCs should undertake a comprehensive assessment of the evidence that is currently available on their sector, and ensure this is fully incorporated into the analysis. Undertaking new primary research is expensive, and SSCs should place emphasis on primary research where there are true information gaps.

In terms of the presentation of research outputs, SSCs need to ensure that they demonstrate the comprehensiveness and rigour of the analysis, and fully reference all information sources in order to achieve credibility.

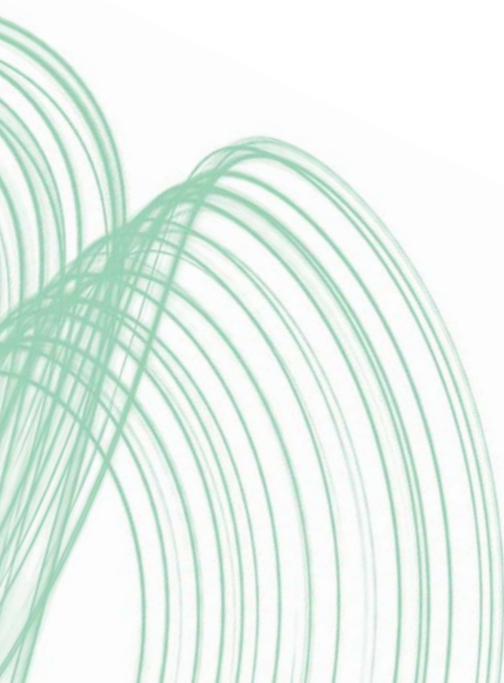
Research outputs also need to be presented in different ways to reflect the interests of the different audiences that will read them. This might be achieved for example by tailoring summary outputs for specific groups (such as employers, training providers/funders) or by geographic area, or by clearly signposting people to the sections of research reports of most relevance to them. Caution needs to be exercised over the amount of written drafts of research material that are passed to partner organisations.

The Agreements

It is critical that SSCs have a full understanding of what it is that each of their potential partners does, and how they operate. As one respondent noted, 'It is important that SSCs understand what are our core tasks and what are our activities over-and-above that, which may well require additional funding for us and them'.

SSCs also have to be sensitive in relation to how they present and articulate perceived weaknesses within the system. An unsubstantiated claim in a consultation document or draft agreement is likely to antagonise the agency responsible. In order to work jointly on improvements, a constructive approach is required. This may be as simple in practice as ensuring that initial dialogue has taken place. SSCs need to be clear about what they can 'bring to the table' in terms of employer commitment. It is clear that many supply-side partners are looking for guarantees that any new approach is going to have employer support, and effectively become a 'win-win' for all stakeholders.

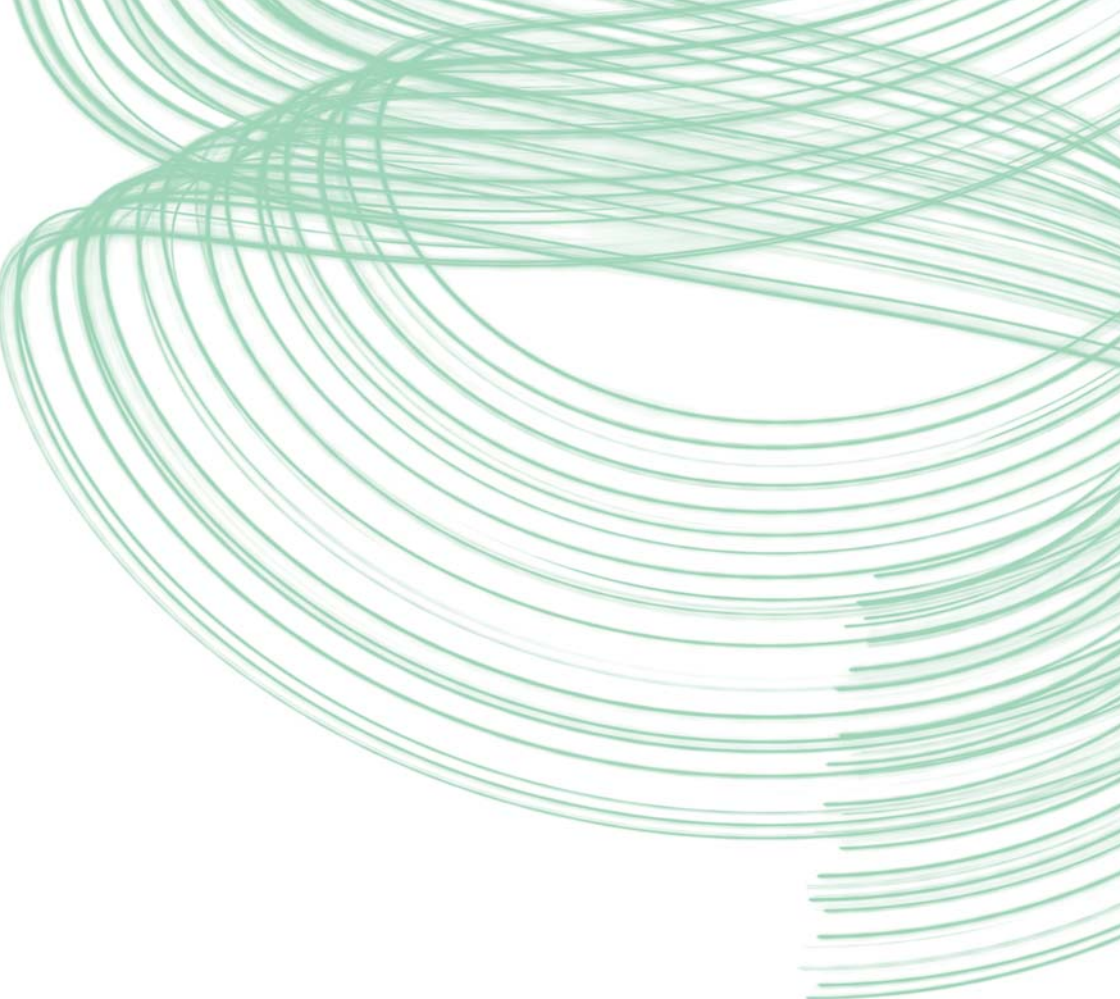
In the final agreements, the focus should be on a small number of key areas in which SSCs anticipate achieving significant change. SSCs need to be careful of diluting the potency of the final agreement by trying to incorporate all activities being undertaken by the SSC.



The 'deals' should reflect what all the parties have to contribute - what the partner, the employer and the SSC will deliver. As far as possible, the outcomes within the SSA should be actions rather than further SSA development work. If the SSA is to fulfil its role of being a tool by which partners can be held to account, it is important the actions are new, or stretch significantly work that is currently underway.

Finally, SSCs should not underestimate the degree to which the research work underpinning the final agreements goes on to shape future SSC actions and business planning.





This leaflet is a summary of a research project carried out by GHK in association with SQW 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