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Building a Stronger Network:

Developing the role of **National Training Organisations**

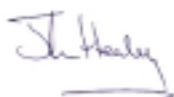PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

NTO

NATIONAL TRAINING ORGANISATIONS

CONTENTS

1. FOREWORD

We are pleased to present a summary of responses to our consultation *Building a Stronger Network: Developing the Role of National Training Organisations.* The consultation received a strong response with over 250 written replies and 350 people attending consultation events.

The overwhelming majority of respondents were in favour of the proposals in the consultation paper. We welcome this endorsement for the contribution a strong sector approach can bring to raising skills levels in the UK. The responses contained many useful detailed comments and ideas about the type of changes that should be made. We are considering all these views as we prepare our statement on the way forward.

We are grateful to all those who contributed to this consultation and look forward to building on the success of the NTO network over the coming months.

John Healey MP

Minister for Adult Skills, Department for Education and Skills

Wendy Alexander MSP

Minister for Lifelong Learning, Scottish Executive

Jane Davidson AM

Minister for Education and Lifelong Learning, National Assembly for Wales

Dr Sean Farren MLA

Minister for Higher and Further Education, Training and Employment, Northern Ireland

2. INTRODUCTION

2.1 This report summarises the responses received to the DfEE's consultation "Building a Stronger Network: Developing the Role of National Training Organisations".

2.2 The DfEE consultation document set out parameters of operation and role of National Training Organisations (NTOs). The issues and concerns which have been identified from a range of sources in relation to NTO operation were described. For example, the National Skills Taskforce and the Wales Skills Taskforce have raised concerns about the rate of development of NTOs and their current capacity to have a significant impact on sector skills development.

2.3 The consultation document considers the longer term value of NTOs as being their capacity to act strategically and have a measurable impact on the level and quality of skills development. In order to achieve this, it suggests that NTOs need to address the weaknesses identified and increase their credibility and effectiveness. The consultation document indicates that the issues facing the NTO network point to the need for a smaller, stronger and better resourced network of sector organisations.

2.4 The consultation sought views on:

- the accuracy of the **assessment of NTO performance** and the main conclusions drawn;

- whether the **three core roles proposed for NTOs** were correctly defined;

- whether the basis of a **process for strategic planning and action** is properly identified;

- whether the **critical success factors** are correctly defined;

- whether proposed categories of **strategic indicators** will make a meaningful contribution to the development of the NTO network and delivery of improved sector skills.

Consultation Response

2.5　A total of 258 responses were received to the consultation. **Table 1.1** shows a breakdown of the number of respondents by category.

Table 1.1:

Response by Respondent Category

Category	Number of Responses	% of Total Response
National Training Organisation	80	31
Educational Institution	35	14
Private/Public Employer Representative Organisation	37	14
Employer	25	10
Training Provider	9	3
Qualifications Body	11	4
Trade Union	9	3
Regional Economic Development Body	4	2
TEC/CCTE/LEC	6	2
Other	42	16
TOTAL	258	100

2.6　This breakdown provides an illustration of the sources of the responses. It does not, however, reveal the complexity of some of the linked responses. For example, some NTOs had included supporting information from sector employers with their responses, whilst others had incorporated inputs from employers in their responses to the consultation. In other cases, NTOs submitted individual responses, but had galvanised significant support from employers, trade associations and other interested parties who also responded individually.

2.7　The 80 responses from NTOs include responses from NTO National Council, SCONTO and Cyngor NTO Cymru. In addition, NTO structures have influenced the way in which responses have been submitted. Where NTOs have separate structures to cover the four home countries, this has led to separate responses and an overview response, which have been logged separately.

2.8   In total, six NTOs did not submit an individual response to the consultation.

2.9   The responses in the category "Regional Economic Development Body" included a single collated response from all the English Regional Development Agencies. Respondents in the "Other" category included central government departments, local authorities, professional bodies and individuals.

Response Formats

2.10 The consultation document included a sheet seeking responses to each of the consultation questions, which could also be completed on-line. Responses were submitted using the form, but were also received in the form of more general letters or e-mails.

2.11 The response form included six specific questions, five of which sought a "yes/no" response and provided space for comments. The degree to which respondents followed the format of the response sheet varied.

2.12 This report draws out the responses to the questions raised in the consultation document, but also outlines the other issues that were raised in the responses and sets out ideas and suggested options for the future of the NTO network.

Other Elements of the Consultation

2.13 In addition to the responses to the consultation document, the consultation process included the following elements:

- a series of consultation events held during February 2001 in London, Birmingham, Edinburgh and Cardiff, involving NTOs, closely associated employers and (in Wales and Scotland) a wide range of partners;

- an Open Agenda event at St George's House, Windsor Castle, that involved the chairs, deputy chairs or chief executives of 36 NTOs.

2.14 The issues raised in the reports on these events are combined with the response to the consultation document in the analysis that follows.

3. OVERVIEW

3.1 Overall, the majority (75%) of respondents agreed that the consultation document had identified the issues facing the NTO network, and with the main conclusions drawn.

3.2 There was strong support (89%) for the three core roles identified for NTOs:

- assessing and articulating current and future skills needs;

- leading action on sector skills development;

- active review of progress in meeting skills priorities.

3.3 Many respondents suggested that a fourth core role of the development and maintenance of occupational standards should be added.

3.4 The vast majority (87%) of respondents agreed that Skills Foresight, Skills Dialogues and Sector Workforce Development Plans should form the basis of a strategic process for sector skills planning and action. However, the need for the three elements to be integrated and co-ordinated was strongly supported.

3.5 There was widespread support for the work of NTO groups where sectors have clear reasons for grouping together. Groups should be allowed to evolve not be imposed.

3.6 Three quarters of respondents agreed with the critical success factors set out in the consultation document, whilst 72% were in agreement with the categories of strategic indicators proposed.

3.7 The response to the consultation document raised a number of additional issues. In particular, the new arrangements must:

- be UK-wide, but recognise the impacts of devolution;

- clearly focus on addressing employer needs and priorities;

- have a clearly defined role for NTOs, which is recognised and promoted;

- ensure that NTOs are adequately resourced;

- co-ordinate with all stakeholders in post-16 education and training;

- build on the positive aspects of the current network;

- be sufficiently flexible to reflect differences between different employment sectors.

3.8 Respondents expressed concern that there was too much emphasis on workforce size as a basis for identifying the structure for the new NTO network. The importance of ensuring that the new arrangements enable effective representation of small businesses and small sub-sectors was also stressed.

3.9 Comments about the way forward for the NTO network focused on the need to ensure that the new arrangements should not lead to increased bureaucracy.

3.10 Responses also included suggested structures for the new NTO network, most of which supported the development of a federal or hierarchical structure of a small number of broad umbrella organisations each covering a number of sector-specific organisations.

4. RESPONSES TO THE CONSULTATION QUESTIONS

Introduction

4.1 In this section, we provide details of the responses given to the six specific questions set out in the consultation document.
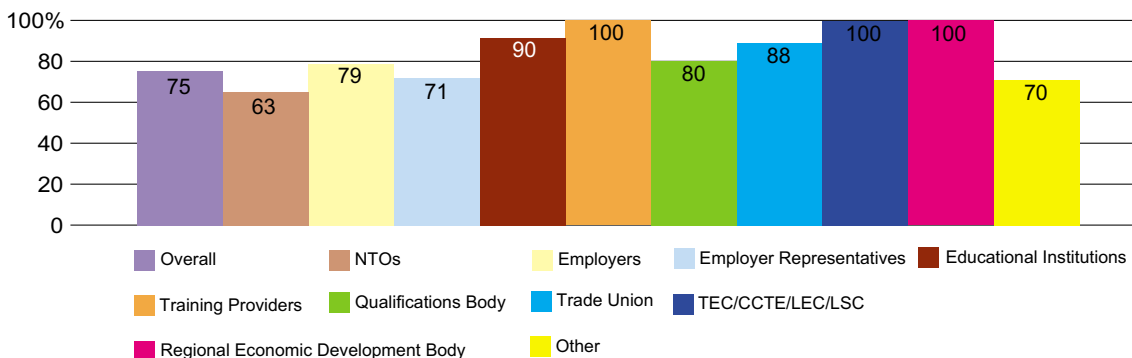
Identification of the Key Issues

?	Do you agree that this assessment has identified the key issues facing the NTO network, and with the main conclusions drawn?	Yes	75%
		No	25%

4.2 In total, three quarters of respondents to the consultation indicated that they agreed that the consultation had identified the main issues facing the NTO network and agreed with the main conclusions drawn.

4.3 **Figure 1** shows the breakdown of responses to this question across the different categories of respondent.

Fig 1: Issues facing the NTO Network Correctly Identified

Legend:
- Overall
- NTOs
- Employers
- Employer Representatives
- Educational Institutions
- Training Providers
- Qualifications Body
- Trade Union
- TEC/CCTE/LEC/LSC
- Regional Economic Development Body
- Other

Values: Overall 75, NTOs 63, Employers 79, Employer Representatives 71, Educational Institutions 90, Training Providers 100, Qualifications Body 80, Trade Union 88, TEC/CCTE/LEC/LSC 100, Regional Economic Development Body 100, Other 70

4.4 It is significant to note that NTOs were the respondents that were least likely to agree with this first question, accounting for 43% of negative responses. Even so, almost two thirds of NTOs were in agreement with the issues identified in the consultation.

4.5 Many responses outlined additional issues or provided further discussion of the issues outlined in the consultation document. Some respondents also stressed the importance of understanding the reasons underpinning the issues.

Network Size

4.6 Whilst the majority of respondents indicated that they were in agreement with the issues outlined, a significant number indicated that they had some concerns about the conclusion that a smaller NTO network was the most appropriate solution to the issues. Thirteen NTOs commented that a smaller network was not the necessarily the best solution.

"We do not agree with the conclusions drawn from the information presented. We do not think that the factors point to the need for a smaller network with larger NTOs. Restructuring the NTO network in this way will not resolve issues of awareness, communications, board representation and financial support." (NTO Response)

4.7 Other respondents expressed concerns that by reducing the size of the NTO network, representation of smaller specialist sectors would be threatened. NTOs could potentially become further removed from their sectors.

4.8 It was suggested that the quality thresholds for new NTOs should be well defined before discussions about the number of NTOs in the new network take place.

Employer Support

4.9 Employer support for NTOs was seen as critically important to all categories of respondent to the consultation. This is linked to the issues associated with a smaller NTO network. NTOs were keen to stress the need to retain and build the support of employers.

4.10 One response from a trade union stated:

"an industry led, owned and recognised NTO can be extremely effective and can attract significant employer investment".

4.11 The employers who responded to the consultation expressed a variety of views. Those who were already closely linked with the NTO for their sector were concerned that any changes to the NTO, especially mergers into a larger organisation with wider coverage, would undermine the extent to which the NTOs could understand and serve their sectors. However, employers from other sectors indicated difficulties in identifying benefits resulting from the support expected of them.

4.12 The consultation document was regarded by many respondents as placing a strong emphasis on the strategic role of NTOs. This was seen as potentially undermining the interests of employers, which would further undermine their willingness to support NTOs. The point was made by several respondents that:

"NTOs cannot be seen to be only delivering the government's agenda".

4.13 One private employer representative commented that:

"Seafish Training's success as an NTO has been built on the industry support it enjoys and indeed its future survival as an NTO depends on it. However, if DfEE increasingly wishes to use the NTO as a conduit for government policies, it is likely that a dilution of industry participation will materialise".

Clarity of the NTO Role

4.14 Concern was expressed that NTOs are not widely understood or recognised. There is a need for all stakeholders to be much clearer what can be expected of NTOs and their profile needs to be raised.

4.15 Many NTOs expressed the view that the assessment outlined in the consultation document focused too much on NTOs in isolation from the education, training and employment frameworks that operate across the UK. The effectiveness of NTOs also depends on how other organisations, and government in particular, relate to them.

4.16 There was seen to be a need for an assessment that recognised the wider network and identified the role of NTOs within it. This would cover the Learning and Skills Councils and Regional Development Agencies in England and the new structures developing in Scotland and Wales.

UK Coverage

4.17 A significant number of respondents indicated that the consultation document did not reflect the different education and training structures across the four UK countries. Eight NTOs in particular raised the issue of the impact of devolution on UK-wide operations. NTOs and Sector Training Councils (STCs) raised issues about the relationship between NTOs and STCs in Northern Ireland.

Resourcing

4.18 For the NTO network to succeed it needs to be appropriately resourced. Whilst the commitment by government to increase its investment in the NTO network was welcomed, this is still regarded as an area with particular issues.

4.19 It is vital to define the minimum capability required of all NTOs, particularly in terms of staffing levels and resources. One NTO Chief Executive commented:

"You can't do the job properly with four people, however small the sector is."

4.20 The unwillingness of many employers to commit to supporting their NTOs financially was seen as reflecting a lack of perceived benefits. One respondent from an educational institution commented that the consultation:

"doesn't address the central underlying issue that NTOs are service organisations. If employers haven't supported them, they have no need for them or do not see the benefits".

4.21 The importance of securing adequate resources for NTOs was stressed by all categories of respondents. In particular, the ability to secure adequate and stable resources to develop long term business plans and retain high quality staff was stressed in one response from a government department.

4.22 A question was also raised regarding the support that should be given to NTOs that are not yet capable of achieving the standards that will be required of them to "cross the threshold".

Credibility

4.23 To fulfil their role, NTOs must be credible to a wide range of stakeholders. This includes, but is not restricted to, being credible among sector employers. NTOs need to be able to build credibility within the new post-16 education and training infrastructure, working alongside the Learning and Skills Council nationally and locally, working with educational institutions and training providers and other key players.

The Three Core NTO Roles

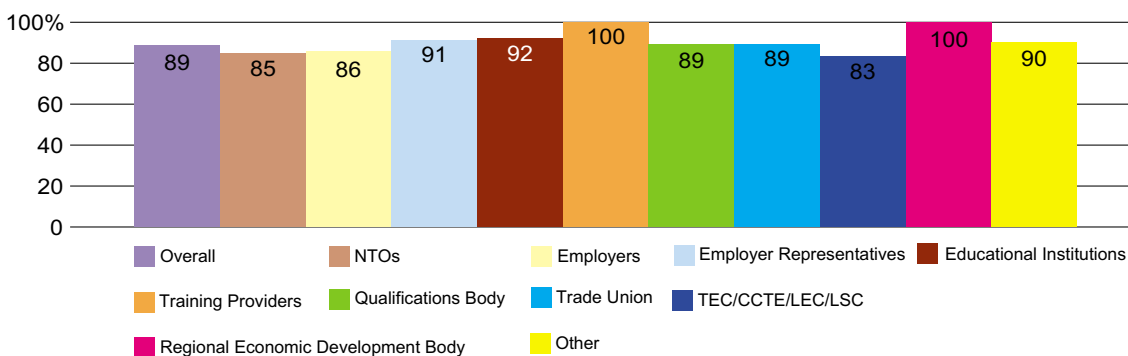| ? | Do you agree that these are the three core roles that NTOs should undertake in the future? | Yes | 89% |
| | | No | 11% |

4.24 The consultation paper identified the three core roles of NTOs as being:

- assessing and articulating current and future skills needs;

- leading action on sector skills development;

- active review of progress in meeting skills priorities.

4.25 As illustrated above, there was strong consensus among respondents to the consultation that the core roles that NTOs should undertake in the future have been correctly identified.

4.26 **Figure 2** shows the breakdown of responses to this question across the different categories of respondent.

Fig 2: Agree with 3 Core Roles

Overall: 89 · NTOs: 85 · Employers: 86 · Employer Representatives: 91 · Educational Institutions: 92 · Training Providers: 100 · Qualifications Body: 89 · Trade Union: 89 · TEC/CCTE/LEC/LSC: 83 · Regional Economic Development Body: 100 · Other: 90

4.27 It is clear from Figure 2 that agreement with the three core roles for NTOs is consistent across all categories of respondent to the consultation.

4.28 Whilst there was strong agreement with the three roles, the most consistent comment, which was made by all categories of respondent, was that a fourth role should be added, reflecting the responsibilities of NTOs in the development and maintenance of occupational standards. For example, one NTO Chief Executive commented:

"they underplay the significance of the role of NTOs in developing national occupational standards and fail to acknowledge the importance of relationships between NTOs and QCA/SQA".

"We believe that more emphasis should be given to the critical NTO role in developing and maintaining world class occupational standards and learning frameworks. National Occupational Standards are central to improving levels of competence in the workforce and are essential to the new generation of qualifications being developed, and in particular to a strong 'vocational ladder' of qualifications." (NTO National Council)

4.29 Whilst the key roles were accepted by the vast majority of the respondents, it is important to consider some of the comments and issues that were raised in responses. The broad roles are accepted, but there is a need for greater clarity of the specific activities and functions that underpin the roles. Employers have an important part to play in each of these roles, which must retain a focus on employer needs.

4.30 In carrying out these roles, it is important that NTOs are able to establish credibility with all stakeholders, not just those that are involved in education and training.

4.31 There was seen to be a need to emphasise the importance of NTOs as "doing" organisations. Employers relate much more to practical action than skills assessments, which are perceived to be for the benefit of the government.

4.32 The respondents accepted the roles, but issues were raised in relation to:

- the capacity and capability of the current organisations to assess and articulate current and future skills needs;

- potential conflicts of interest in reviewing progress against skills priorities, where NTOs also have training delivery arms.

"It is not possible to deliver the three core roles as outlined, if an NTO has not brokered effective partnerships both within its industry and with the many and varied government departments and agencies it is expected to work with." (NTO)

4.33 The importance of NTOs being independent and impartial was raised by employer representative organisations.

4.34 The responses to the consultation also highlighted further roles that NTOs should undertake in support of their core activities. These include:

- supporting recruitment and entry into the sector workforce;

- developing entry criteria and progression routes;

- helping industry with HR issues;

- supporting the delivery of training actions to address identified needs;

- influencing the skills agenda;

- brokering partnerships and working with key stakeholders;

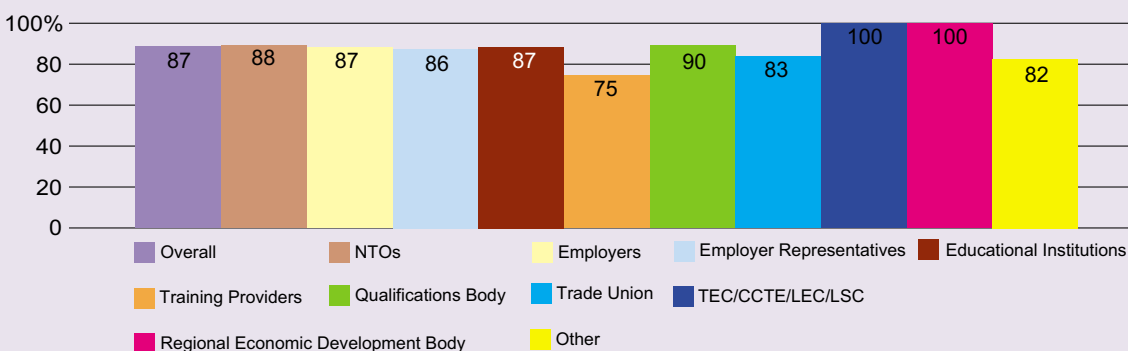- working alongside Higher Education to meet sector skills needs.

Strategic Processes For Sector Skills Planning

| ? | Do you agree that these elements should form the basis of a strategic process for sector skills planning and action in Great Britain? | Yes | 87% |
| | | No | 13% |

4.35 Again, the vast majority of respondents agreed that Skills Foresight, Skills Dialogues and Sector Workforce Development Plans should form the basis of a strategic process for sector skills planning and action. This support was consistent across all categories of respondent.

4.36 *Figure 3* shows the breakdown of responses to this question across the different categories of respondent.

Fig 3: Agree with Elements of Skills Planning and Action

Bar chart values: Overall 87, NTOs 88, Employers 87, Employer Representatives 86, Educational Institutions 87, Training Providers 75, Qualifications Body 90, Trade Union 83, TEC/CCTE/LEC/LSC 100, Regional Economic Development Body 100, Other 82.

4.37 Across all categories, at least three quarters of respondents were in agreement with Skills Foresight, Skills Dialogues and Sector Workforce Development Plans forming the basis of the strategic process of sector skills planning.

4.38 The most significant comments on the three strategic processes indicated the need for the three elements to be integrated and coordinated. This was strongly supported by NTOs and other respondents.

"Whilst there is much overlap between Skills Foresight, Skills Dialogues and Sector Workforce Development Plans, all of them contain vital data to be used both in the guidance of young people and the guidance of adults. We welcome the co-ordination of the three processes so that data can be prepared and presented when it is needed for planning purposes." (Careers Service)

4.39 Some concern was expressed about the development of a "one size fits all" approach, which would be considered inappropriate given the diversity of sectors. There was seen to be a need for processes that are dynamic and flexible to consumer needs.

4.40 The consultation question specifically refers to Great Britain, which led to a range of comments. Some respondents considered the need for a standard UK-wide approach, whilst two NTOs indicated the need for different models for the four nations, with others advocating country-specific analysis.

"We note that the question relates solely to Great Britain. We feel that it is crucial that the tools that we develop should also cover Northern Ireland and that the role of Sector Training Councils and the NTOs be clarified and ideally aligned." (NTO).

4.41 There was some variation in responses to the suggested production of annual reports on skills priorities and progress. This was particularly welcomed by employer representative organisations responding to the consultation. However some NTOs suggested that a two year reporting cycle might be more appropriate.

4.42 The view was expressed by NTOs that this work is largely undertaken for government, rather than their sectors. In this case, it was suggested that NTOs would do what the government wanted, on the condition that the work was funded at a commercial rate.

4.43 Responses to the consultation also raised some concerns about the three processes. There is a danger of the processes becoming jargon-ridden and therefore irrelevant to employers.

4.44 It was suggested that Skills Dialogues cannot only cover 15 groups, the danger being that areas become too large and unwieldy to address with success. One suggestion was that Skills Dialogues should be expanded to include wider representation. It was also suggested that a smaller NTO network might remove the need to hold Skills Dialogues.

NTO Groups And Cross-Sector NTOs

? How should NTO Groups and Cross-Sector NTOs be changed to provide a greater strategic approach to tackling broader sector issues?

4.45 Responses to this question cover the future role of NTO groups and the all-sector NTOs, but also focus on issues relating the transition to a smaller network of larger NTOs. These are related but separate issues.

4.46 There was widespread support for joint working where sectors have clear reasons for grouping together, but concerns were expressed that groupings should be allowed to evolve, rather than being seen to be imposed. Whilst NTO groups are regarded as being beneficial, it was suggested that their role is limited to common issues across sectors, with other issues needing to be addressed within sectors.

4.47 The current approach to NTO groups was generally regarded as sensible, although it was suggested that it will need some adjustment in the future. For example, one NTO suggested that the future operation of NTO groups will need to be discussed and agreed once the future shape of the NTO network is known.

4.48 The development and role of NTO groups should be flexible, to enable groupings to develop in response to common areas of interest which may vary over time.

4.49 The operation of NTO groups is inevitably linked with the suggestion of the creation of a smaller network of larger NTOs. There was widespread concern at the suggestion of using the total number of employees to determine the coverage of NTOs. It was stated that mergers and consolidation should only take place where there are specific reasons to do so. Many employers, NTOs and other respondents expressed concerns that the needs of smaller specialist sectors would not be met by larger NTOs, which could have further detrimental impacts on employer support.

"to be lost within a single, large, amorphous multi-sector NTO would be unacceptable". (Employer)

"The value of this section is greatly diminished by the simplistic assertions that an employment size criterion should be used to determine the future shape of the NTO network. It is our belief that any consolidation of NTOs should use sensible economic criteria, which reflect the weight of the sector in the UK economy, not simply the number of people employed in the sector." (NTO)

4.50 The role of all-sector NTOs was recognised. However, their distinct circumstances and lack of a distinct employer base led many respondents to indicate that they should be recognised separately to sector NTOs, as they are only able to fulfil some of the roles of NTOs.
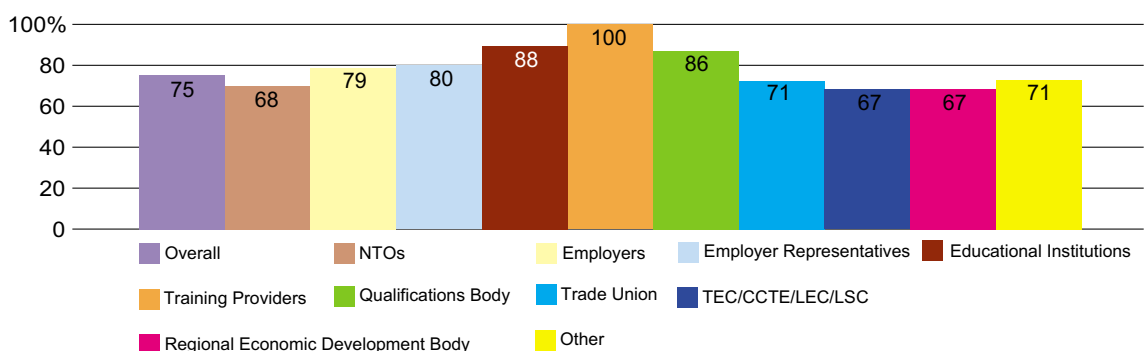
Critical Success Factors

?	Do you agree that the critical success factors essential for a smaller network with larger and stronger NTOs have been correctly identified?	Yes	75%
		No	25%

4.51 Three quarters of respondents were in agreement with the following success factors:

- business-based leadership;

- recognition, visibility and autonomy;

- sector workforce coverage;

- structure and capability for partnership working;

- resources;

- professional analytical skills;

- innovation and creativity;

- communications.

4.52 **Figure 4** shows the breakdown of responses to this question across the different categories of respondent.

Fig 4: Agreement with Critical Success Factors

Overall: 75, NTOs: 68, Employers: 79, Employer Representatives: 80, Educational Institutions: 88, Training Providers: 100, Qualifications Body: 86, Trade Union: 71, TEC/CCTE/LEC/LSC: 67, Regional Economic Development Body: 67, Other: 71

4.53 Again, there was a strong degree of consensus that the critical success factors for the NTO network had been correctly identified. At least two thirds of each type of respondent were in agreement that the success factors set out in the consultation document were appropriate.

"Critical to the success of the new network will be the extent to which their role is integrated with other key organisations throughout the UK. If we are to achieve the vision outlined and to engage much larger numbers of more senior employers and other employment interests, there will need to be firm obligations and clear processes to ensure that their views are properly taken into account and acted upon." (NTO National Council)

4.54 Comments connected with this question indicated that whilst the majority of respondents were broadly in agreement with the success factors identified, a number indicated that employee representation by workforce size should not be seen as a determinant of success. Critical mass is desirable, but it needs to be defined flexibly, taking account of individual sector circumstances. The respondents raising this as an issue included those who were in favour of the success factors and those that were not in agreement.

4.55 Linked to the issue of workforce coverage, a number of respondents indicated that the critical success factors were not exclusive to a smaller network, but could apply to the network as it currently stands. Some of the respondents who did not agree with the success factors indicated that they did not accept that a smaller network was the way forward and so the success factors were not appropriate. Others stated that NTO size should not be regarded as an indicator of effectiveness.

"Whilst supporting the need to develop a stronger smaller network, we feel that there is an inappropriate emphasis on workforce coverage and that it is not, of itself, a critical success factor. If (the NTO) was forced into mergers to achieve 500,000+, it would undermine our professional competence, the authority we command in our industry and will thereby reduce our influence with the industry and CETW, the LSC and their Scottish and Northern Ireland equivalents." (NTO)

4.56 There was a strong view from participants in the consultation events that the critical success factors focused too strongly on structures. It was stated that the priority should be functions and processes, with structures coming about as a result of decisions on these.

4.57 Resourcing of NTOs was seen by many as one of the most important success factors. This related both to funding from government and support from employers.

4.58 In developing critical success factors, transparency and clarity are critically important. In some instances, the critical success factors need to be expanded before they could be agreed to. Appropriate supporting evidence is also important.

4.59 Respondents again highlighted the importance of NTOs being able to represent employers' interests, which is implicit in a number of the success factors outlined, but should be brought out more clearly.

4.60 NTOs supported the emphasis on innovation and creativity. In particular, they want the freedom and flexibility to be creative in helping to meet their sector's skill needs, which could involve activities that are more operational than strategic. Secondly, NTOs wish to see creativity applied to skills analysis and planning through the use of softer techniques.

4.61 The suggestion was made that it is inappropriate to treat all sectors the same in judging the success of NTOs. Concern was also expressed that success factors should not be imposed on NTOs by government.
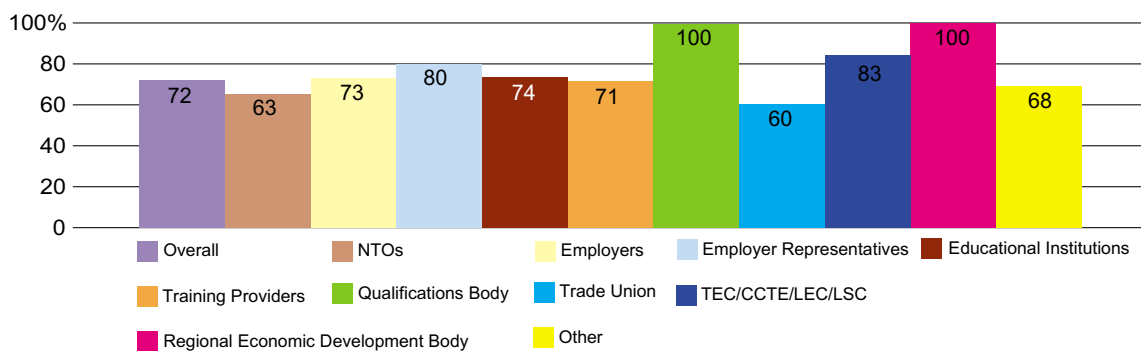
Strategic Indicators

?	Do you agree that the proposed categories of strategic indicators will make a useful contribution to the development of the network and delivery of improved sector skills?	Yes	72%
		No	28%

4.62 Almost three quarters of respondents were in agreement with the proposed strategic indicators set out in the consultation document.

4.63 Figure 5 shows the breakdown of responses to this question across the different categories of respondent.

Fig 5: Agreement with Strategic Indicators

Overall: 72, NTOs: 63, Employers: 73, Employer Representatives: 80, Educational Institutions: 74, Training Providers: 71, Qualifications Body: 100, Trade Union: 60, TEC/CCTE/LEC/LSC: 83, Regional Economic Development Body: 100, Other: 68

4.64 At least 60% of respondents across all categories were in agreement with the strategic indicators set out in the consultation document.

4.65 A wide range of comments were received on the proposed strategic indicators. Some similar comments were received from respondents who agreed and disagreed with the indicators.

4.66 A particularly significant issue outlined in the comments to the consultation was that strategic indicators must reflect the sector which the NTO serves. Strategic indicators should be set in consultation with partners, employers and other stakeholders, rather than as a set national list. Other respondents indicated that the suggested indicators were too general and not sophisticated enough.

4.67 Employer satisfaction and involvement were identified as key strategic indicators, with others suggesting that there should be whole industry acceptance of what NTOs do.

4.68 A particular issue was raised regarding the use of government workplace learning initiatives as a strategic indicator. Given the variation between sectors, the initiatives will vary in their applicability, meaning that an indicator on this basis would not enable direct comparability between organisations.

4.69 The need for a clear set of indicators was accepted. However, concern was expressed that data collection and measurement should not be burdensome and divert NTOs from their activities.

4.70 The indicators that are used must be measures of the performance of the NTO, rather than purely the performance of the sector, which is subject to much wider influences. It is important to recognise that there will be some issues that NTOs will not be able to influence.

4.71 Where indicators are to be developed, it is important that their meaning is clear. If comparisons are to be made between NTOs on the basis of the indicators, all must be using the same definitions and approaches to measurement.

5. OTHER ISSUES RAISED

Introduction

5.1 The responses to the consultation included a considerable range of comments, many of which were not directly in response to the specific consultation questions, or expanded on the issues raised by the questions.

5.2 These other issues are set out below and broken down by the category of organisation raising them.

Over-arching Issues

5.3 The most significant over-arching issue relates to the importance of NTOs being able to secure and maintain support from employers, which was raised by almost a quarter (23%) of all respondents.

5.4 Due to the broad range of issues raised in the consultation response, few others were raised by significant numbers of respondents, although the most frequently mentioned were:

- the importance of ensuring that NTOs are adequately resourced (6% of responses);

- the need to achieve effective UK-wide NTO coverage, whilst recognising the implications of devolution (6%);

- the importance of retaining representation of individual sectors, or retaining the existing NTO (5%);

- concerns that it is too early to be reviewing and revising the NTO network (4%).

NTOs

5.5 The following issues were raised by NTOs in their responses to the consultation.

Employer Support and Involvement

5.6   The issue that was most consistently raised by NTOs relates to the ability of the NTO network and any new arrangements to engage with and secure support from employers. These issues were raised by 27 NTOs. Comments included:

- the risk that employers will be less willing to support an NTO if it does not or cannot fully represent the skills agenda for their sector;

- restructuring should only take place where employers support it;

- employers that are currently avoiding NTOs being further put off by large, more expensive and remote organisations.

5.7   The question was raised of how employer "buy-in" can best be measured. One person said "***employer buy-in is tested by the amount of money that they are prepared to hand over***". Others expressed the view that it should be defined more broadly than a financial arrangement, with involvement in a number of different ways. There was support for the idea that employers themselves should be asked to stipulate a minimum threshold for employer involvement in NTOs, although they must be bold and ambitious.

The Need for Change

5.8   There is some variation in views on the need for change. One NTO indicated that employers in its sector are resistant to changes to the NTO network purely for the sake of it and that there is a need for evidence that changes will bring about further benefits. Another commented that the case for transformation of the whole NTO network has not been sufficiently articulated.

5.9   In contrast, the response from one NTO stated that "***the long tail of ineffective and under-resourced NTOs undermines the credibility of the whole network***", whilst another suggested that there was consensus on the need for change, but no clear view on how best to implement that change.

5.10   Concern was expressed, especially by the most recently recognised NTOs, that it was too early to be judging the performance of the NTO network and that more time should be allowed before significant changes are made (eight NTOs raised this issue).

> **"The DfEE expectations of the impact that NTOs should have had over 2½ years may be unrealistic."**

> **"Continuous revamping of NTO systems and requirements will diminish employer commitment."**

Recognising Success

5.11 Eight NTOs highlighted the importance of building on the successful elements of the current network. The importance was stressed of building on those NTOs that are effective and intervening to establish new arrangements where gaps appear.

5.12 Whilst it is important to be able to build on existing NTO strengths, it must be recognised that there is little to be gained from combining two poorly performing small NTOs to create a single large but equal un-influential organisation.

Resourcing NTOs

5.13 The importance of ensuring that the new NTO network is appropriately resourced was stressed. Ten NTOs raised issues of resourcing in particular.

5.14 Some NTOs have been successful in securing funds from Europe and other sources. One of these NTOs expressed concern that changes to NTOs as legal entities would restrict their ability to access these funds in the future.

5.15 Other comments suggested that government should prioritise core funding for the core roles that it wants NTOs to perform to meet the government's requirements.

"It is difficult to see how NTO functions can be delivered in a sustained credible way without some core funding. Project funding doesn't create a foundation on which to build expertise."

5.16 One NTO suggested that linking funding directly to performance against targets might be detrimental in the long run. Poor performers would lose funding, with a consequent further decline in performance, which might encourage them to set less ambitious and challenging targets.

5.17 There are particular issues relating to the resourcing of all sector NTOs. For example, one NTO indicated that:

"the majority of cross sector NTO funding should come from DfEE, thus acknowledging their importance, whilst reflecting that a contribution from employers is unlikely".

5.18 Connected to the issue of funding was the suggestion that government should stipulate that any organisation wishing to secure public funding for anything to do with sector skills training should at least consult the appropriate NTO before firming up its proposal.

The Impact of Devolution

5.19 The impact of devolution on the operation of NTOs was raised by seven NTOs, with comments including:

- the need to resolve the functions that need to be carried out at individual country level;

- the need for clear understanding of the relative roles of central government and the devolved administrations;

- concern that the new agenda (as set out in the consultation document) is primarily an English one.

Other Issues

5.20 Other issues raised by NTOs included:

- the need to rename NTOs, to reflect their role more clearly;

- the need to strengthen the NTO brand;

- concern that too much emphasis is being placed on NTOs addressing the government's agenda;

- the need to recognise the diversity of sectors in developing new NTO arrangements;

- concern that the new arrangements should not try to achieve a "one size fits all solution";

- questions over the role for a UK-wide body to represent the network, in the context of the scale of devolution that has already taken place.

5.21 There is seen to be a need for real urgency and a clear timetable for implementing any changes agreed. However, there also needs to be some space for more organic changes, building on the achievements of NTOs to date.

Employers

5.22 Six employers emphasised the importance of NTOs being able to engage with employers and ensure that they retain existing employer commitments. One employer emphasised that it is important that NTOs should not be seen to be pushing government initiatives in areas where they are not seen to be useful or credible, otherwise employer commitment will be hard to find. The ability of NTOs to meet the needs of Small Medium Enterprises (SMEs) was emphasised, whilst another respondent expressed the view that NTOs should provide more support and assistance to businesses, rather than playing an influencing and brokering role.

5.23 Two employers commented on the importance of NTOs being able to provide them with value added and value for money services in order to attract and retain employer support.

5.24 Five employers expressed the desire that the NTOs for their sectors should maintain their independent identities, with concerns that their sectors would lose their voice if the NTO was subsumed in a larger organisation with much wider coverage.

5.25 Other issues highlighted by employers included:

- the need for NTOs to develop credibility;

- the role for NTOs in promoting sector career opportunities;

- rationalisation helping to reduce confusion about the support available to businesses;

- the need to clarify the links between NTOs and the LSC;

- the need for NTOs to be adequately funded and resourced;

- the need to ensure that NTOs possess the skills necessary to fulfil all aspects of their role.

Employer Representative Organisations

5.26   Employer representative organisations again highlighted the importance of NTOs retaining the support of employers, with eight organisations specifically making reference to this. Linked to retaining employer support, seven organisations expressed the view that a specialist NTO should be retained for the sectors which they represent, arguing that their sector-specific interests would only be represented by an independent sector-specific organisation.

5.27   The importance of NTOs being able to establish effective links with the Learning and Skills Council was stressed by four employer representatives. Other issues raised included:

- the need to ensure that NTOs are adequately resourced;

- the need for NTOs to be completely independent of awarding body and training provision roles;

- the need to address issues arising as a result of devolution;

- ensuring that NTOs possess the skills necessary to fulfil their roles;

- the suggestion that NTOs have not yet had the opportunity to prove themselves;

- the need to increase the visibility and credibility of NTOs;

- difficulties in reconciling the structure of the NTO networks with the sector groups usually used in market research.

Educational Institutions

5.28 The issue most frequently highlighted by educational institutions responding to the consultation, continued the theme of the other main categories of respondent, focusing on ensuring that NTO arrangements are able to ensure the effective representation of employer interests. In particular, the importance of ensuring that the interests of small and medium sized businesses was raised, as was accommodating the interests of specialist sectors.

5.29 Other issues raised by educational institutions were:

- the need for NTOs to link with FE and other training provision and avoid duplication of activities;

- the potential usefulness of a levy, financial incentive or penalty in funding NTO activities;

- the need to link NTO activities with those of RDAs, professional bodies and other appropriate organisations;

- NTOs are not widely understood or recognised;

- the need to rebrand NTOs to reflect their role more clearly;

- the importance of recognising that the educational curriculum cannot be rapidly changed to meet employer specifications as a result of employers failing to take a sufficiently forward-looking perspective.

Training Providers

5.30 Training providers raised the following issues:

- the NTO network is seen as bureaucratic and confusing to its target audience;

- strategic issues take a long time to be seen as beneficial, relevant and produce results that employers might support;

- retention of employer ownership of each sector organisation is critical;

- concern over the volume of expectations placed on NTOs in comparison to the resources available to meet these expectations.

Qualifications Bodies

5.31 The issues raised by the qualifications bodies that responded to the consultation were as follows:

- the need to ensure that the NTO network can represent small sub-sectors effectively;

- the importance of NTOs having a UK-wide remit, whilst recognising the challenges associated with devolution;

- concern that it is too early to identify new structures for NTOs;

- highlighting that the capability of NTOs in the new structure is critical;

- the need for NTOs to be seen as credible organisations;

- ensuring that NTOs are adequately resourced to carry out their roles;

- the importance of NTOs avoiding conflicts of interest or vested interests in awarding bodies or training provision;

- the danger of bureaucracy in larger NTOs.

Trade Unions

5.32 Responses received from the unions raised the following issues:

- the standing of NTOs reflects their credibility with key stakeholders;

- the need to ensure that the proposals for a revised NTO network focus on NTOs influencing decision-making in companies;

- the need for NTOs to be independent of training delivery;

- the importance of recognising the practical differences between sectors in deciding on the most appropriate structures for NTO activities;

- the need to ensure that new arrangements do not undermine the progress achieved to date;

- the difficulties of ensuring UK-wide coverage;

- the important role that Government has to play in promoting NTOs and encouraging employers to invest in them.

TECs/LECs/LSCs

5.33 The issues raised in the responses to the consultation from this group are as follows:

- concern was expressed over the potential for duplication of roles between NTOs and the Learning and Skills Council;

- the question of how NTOs fit into the general learning agenda was raised;

- the importance of seeking the expertise and expressing the views of smaller sectors was stressed;

- the crucial need to cultivate employer involvement.

Regional Economic Development Bodies

5.34 The regional economic development bodies raised the following issues in their responses to the consultation:

- the crucial role that NTO regional managers can play in managing expectations;

- the recognition that there is a need for NTOs to develop, but concern that it is still too early to measure their impact to date;

- the importance of NTOs being able to respond to the needs of small businesses;

- the view that businesses are aware of NTOs, but do not either recognise or accept the role that they play.

Other Categories of Respondent

5.35 The respondents in the "other" category raised a broad range of issues, reflecting the variety of types of organisation falling into this group. The issues raised were:

- the importance of ensuring that small firms and sub-sectors are represented in the NTO network;

- the need to maintain a UK-wide but devolution sensitive approach;

- the need for the government and devolved administrations to create firm obligations to ensure that NTOs can carry out actions that will have an impact;

- the importance of NTOs being adequately funded, ensuring that the activities they undertake are not driven by the funding they can secure;

- the need to focus on what employers want, not on what NTOs want to deliver;

- the suggestion that it is impossible for NTOs to be impartial and avoid restricting competition when they are operating as training providers;

- significant success and higher standards in a smaller area are better than average success and across a wider area with negligible results;

- it is too soon to carry out a review of NTOs that have just been recognised;

- NTOs tend to be seen as London-based organisations;

- the need for NTO activities to reflect regional differences;

- dictating how NTOs should deliver their activities should be resisted;

- NTOs need to have more impact on the planning of higher education;

- the need for NTOs to build strong relationships with the LSC/Connexions. The failure to achieve these links with TECs and Careers Services was a lost opportunity;

- the need to recognise differences between sectors in developing NTO structures;

- the need for strong communication mechanisms between NTOs, the LSC and HEFCE.

6. IDEAS FOR THE FUTURE

Introduction

6.1 The responses to the consultation included a range of ideas and suggestions for the future development of the NTO network. These ranged from very general suggestions about aspects of the future operations of NTOs, but also included a small number of detailed proposals for the future of the NTO network.

6.2 The ideas on the way forward are summarised below. However, it is important to recognise that it has not been possible to explore the suggestions in further detail at this stage, especially in relation to the practicalities of implementing the suggestions. The majority of suggestions and ideas were put forward by NTOs.

Ideas on Future Network Structures

6.3   Suggestions about the future structure of the NTO network were proposed in a number of responses, with varying degrees of detail provided. Where responses suggested changes to the structure of the NTO network they tended to focus on the development of a federal or hierarchical structure, involving umbrella bodies covering broad industries, with sub-organisations to address specific sector requirements.

6.4   The most detailed proposed network structure formed the basis of the NTO National Council Board's response to the consultation. The key features of this proposal were as follows:

- Sector Skills Organisations, providing strategic leadership and leading practical action in all sectors of the UK economy;

- Approved Industry Skills Organisations, based on successful existing NTOs, with a focus on responding directly to employer needs, working under contract to the Sector Skills Organisations;

- Generic Skills Organisations, bringing together organisations that look after critical generic skills, functions and occupations covering all sectors of the economy;

- a new integrated UK Council for Sector Skills Organisations.

6.5   Alternative suggestions included small NTOs forming a cluster and sharing a secretariat and research department, enabling them to retain close links with individual sectors whilst ensuring that they have access to resources to enable them to undertake their strategic responsibilities. The Transport Skills Alliance, which is an umbrella body with central staffing and a website, was suggested by three NTOs as a potential model for the future.

6.6   Whilst supporting the development of a two-tier structure, one NTO stressed the importance of a structure that is flexible enough to allow each sector to develop its own arrangements, with the umbrella organisation being the focal point for work with the government and other agencies.

6.7   Alternatively, it was suggested that a range of models should be developed, to ensure that the new approaches are effective in achieving impact in specific sectors.

6.8   It was suggested that in some cases it might be best for one NTO that has crossed the recognition threshold on its own to "buddy" one or more smaller NTOs. In other cases the best synergy might be the result of a self-selecting group of smaller NTOs joining together.

Consultation

6.9 Taking a longer term view of the institutional arrangements in England, it was suggested that a truly strategic approach would involve putting NTOs together with RDAs, the LSC, local Learning Partnerships, the Small Business Service and probably the Connexions Service in a single new structure. The new arrangements would work mainly through restructured RDAs, with their own sectoral groupings and sub-regional structures.

Cross-Sector Operations

6.10 A range of suggestions were made regarding the most appropriate means of addressing cross-sector or all-sector occupations in the new NTO network.

6.11 Suggestions relating to cross-sector operations included:

- creating a body to manage national occupational standards for cross-sector occupations, but without NTO status;

- developing a new Generic Skills NTO, capable of delivering across the network through the development of effective partnerships with NTOs;

- establishing a supply chain federal group, absorbing responsibilities for cross-sector NTOs;

- establishing committees to develop and review all-sector occupational standards. Once the standards are in place, the committees should be disbanded.

Other Suggestions

6.12 Other suggestions and ideas about future developments include:

- retaining the best of the existing systems, but setting stronger recognition criteria, with ministers meeting with NTO chairs (employers) to agree how sectors will address the criteria;

- a prospectus should be issued setting out the new NTO role. NTOs should then apply for licences under the prospectus. Once licences have been awarded, gaps in the coverage of the network should be mapped and ways to address the gaps identified;

- the current number of NTOs should be retained, but the NTO groups should be formalised and developed to address strategic issues;

- only sectors that are regarded as being critical to the economy should continue to have NTOs or NTO groups;

- NTOs should receive three year core funding, supplemented by project funding;

- government should invest more significantly in developing the strategic capability of sector skills organisations and promote the strategic role of sector bodies;

- Awarding Bodies should pass to NTOs a percentage of the fee received per candidate for awards based on National Occupational Standards;

- levies for NVQ registrations should be directed to NTOs in proportion to the number of registrations;

- government should establish a challenge fund to which NTOs can bid to for funds to carry out creative development work;

- NTO membership should be statutory for all employers over a certain size threshold and for all Investors in People companies;

- NTOs should be monitored by independent surveys of employers and industry bodies;

- NTO groups should become National Industry Training Organisations (NITOs), with a number of NTOs within their scope. NITOs should be government funded and responsible for developing the network of NTOs;

- NTO National Council should provide a secretariat and coordination function for NTO Groups;

- clear mechanisms should be established for ensuring that NTO representatives take up the majority of seats on the body representing the network at the national level;

- a protocol should be introduced for standards development, to ensure support and ownership in each home country;

- a common approach to the key questions that need to be addressed by NTOs should be developed. This should include agreement on packages to collect, collate, analyse and disseminate labour market information;

- Skills Dialogues should be put on hold until the future direction of the NTO network is clear;

- there should be a statutory obligation for the LSC and RDAs to take proper account of the Sector Workforce Development Plans produced by NTOs;

- regional NTO groups should be developed.

Training & Employment Agency

DEPARTMENT OF HIGHER AND FURTHER
EDUCATION, TRAINING & EMPLOYMENT

SCOTTISH EXECUTIVE

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