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Report of the Commission of Inquiry into the Role of Group Training Associations

**Centre for Learning and Life Chances in Knowledge Economies and Societies (LLAKES)
Institute of Education, University of London**

The Commission of Inquiry into the Role of Group Training Associations was Chaired by Professor Lorna Unwin, Professor of Vocational Education, Institute of Education, University of London.

The Commission's Report was published in September 2012 by the Centre for Learning and Life Chances in Knowledge Economies and Societies (LLAKES), Institute of Education, University of London, 20 Bedford Way, London WC1H 0AL.

LLAKES is a Research Centre funded by the Economic and Social Research Council (ESRC), and hosted by the Institute of Education, University of London.

Commission of Inquiry into the Role of Group Training Associations

Executive Summary

1. Introduction

- 1.1. The Commission was established by GTA England with the support of the National Apprenticeship Service (NAS) and conducted its independent inquiry between January and April 2012. The Inquiry was hosted by the ESRC-funded Centre for Learning and Life Chances in Knowledge Economies and Societies (LLAKES) at the Institute of Education, University of London.
- 1.2. The Commission was charged with examining the definition and public purpose of Group Training Associations (GTAs) in order to provide an authoritative statement to support the work of GTA England and to inform policymaking. In essence, the Commission has sought to articulate the characteristics of a GTA in contemporary society.
- 1.3. The Inquiry was guided by the following questions:
 - What are the characteristics that provide GTAs with a distinctive identity? (e.g. is employer membership an essential characteristic? Can/should the brand of GTA be applied to any type of organisation involved in the delivery of employer-led training?)
 - To what extent should GTAs represent specific sectors of the economy, namely those that have a substantial ‘technical’ dimension to their work?
 - Should GTAs follow a specified code of ethical behaviour, and what might be included in such a code?
 - How should GTAs be governed? (e.g. do GTAs have to be registered charities?)
 - How should GTAs be financed? (e.g. can GTAs operate under one contract in relation to government-funded training programmes such as Apprenticeships? Should they be part-funded by the State?)
 - In what ways should GTAs relate to other organisations that are central to the architecture of the UK’s VET system? (e.g. How do GTAs currently work with higher education institutions as well as with further education colleges and other types of training provider?)
 - Is the role of GTA England to represent an optimum number of GTAs, or can there be an unspecified number in the membership?
 - Could GTA England membership be segmented to reflect different levels of commitment to the GTA model?
- 1.4. The Commission gathered written and oral evidence from a range of stakeholders involved in employer engagement, training, apprenticeship, and workforce development. It also examined the relevant research literature.

2. Key Findings

- 2.1 GTAs provide solutions to the workforce and business development needs of Small and Medium Sized Enterprises (SMEs) at local level. They also provide large employers with the consistent high quality training they need in different areas of the country, and support them to build capacity in their supply chains. Nationally, GTAs make a significant contribution to the organisation and delivery of high quality apprenticeships.
- 2.2 However, the definition of a GTA needs to be clarified and refreshed. There was confusion amongst some witnesses to the Inquiry about what makes a GTA distinctive from other organisations providing training services to employers, and a lack of awareness about how much GTAs have changed over the past fifty or so years.
- 2.3 Nevertheless, the evidence showed that GTAs do have distinctive identities when they are led and governed by a group of employers working collaboratively to support their business and skills' needs. A GTA provides its employers with a holistic, impartial, and highly responsive business service in which training forms a part. GTAs connect employers with government initiatives and funding streams.
- 2.4 This distinctive identity is rooted in the GTA governance structure. A GTA is a 'public service' not-for-profit organization governed by a board comprised mainly of, and chaired by, employers. Surplus funds are reinvested in the organisation in order to sustain and enhance its activities, including work in the community.
- 2.5 GTAs operate within a fiercely competitive marketplace. They receive government funding for programmes such as apprenticeship, but do not have access to the capital funds available to FE colleges. This is not a sustainable position given that: a) GTAs are involved in the delivery of apprenticeships (lasting 2 to 4 years) with a high level of technical content requiring substantial off-the-job training; b) the majority of GTAs deliver training in capital-intensive sectors such as engineering and construction; and c) GTAs could provide much needed support to employers in a more diverse range of sectors.
- 2.6 Some GTAs have continued to be predominantly demand-led, whilst others have shifted to a supply-led approach as a way to survive. Supply-led GTAs are more difficult to distinguish from training providers.
- 2.7 GTAs vary in terms of the quality of their services, equipment and estate, their ability to adapt to change, and the expertise of their workforce. Some have remained focused on their original sectoral specialism, whilst others have diversified into new sectors. Some have much more awareness than others of developments in teaching and learning, including the use of new technologies and social media. On the whole, GTAs have consistently achieved inspection grades above the national average.

3. Recommendations

- 3.1 GTAs should be central to the Government's plans for economic growth, rebalancing the economy, increasing the stocks of technician and higher level skills, and the expansion and improvement of apprenticeships.
- 3.2 GTAs should not be regarded as just another type of training provider. Their distinctiveness is rooted in their symbiotic relationship with employers. The Government should acknowledge and conserve the distinctiveness of GTAs by adopting the GTA Framework (underpinned by the GTA Code of Ethics) outlined in this report.
- 3.3 Government and its agencies should work with GTA England to develop a plan for the development of new GTAs in areas of the country where GTAs either do not exist or have a limited presence, and also for enabling existing GTAs to expand. The focus should be on meeting the needs of employers in sectors not traditionally served by GTAs, and also on employers in emerging sectors. This expansion should be aligned with the development of 'apprenticeship hubs' as part of the 'City Deals' initiative and with the plans of Local Enterprise Partnerships (LEPs).
- 3.4 New GTAs must meet the requirements of the Framework and Code of Ethics. Existing GTAs should be invited to benchmark themselves against the Framework in order to become eligible for capital funding and to enable them to be involved in the expansion programme.
- 3.5 The accreditation process for new GTAs should be managed by GTA England - for three years in the first instance. This will require a one-off capital grant to be made to GTA England by government in order to increase its capacity. The accreditation process should be supported by an independent end-to-end evaluation providing regular reports to the members of GTA England and to the Department for Business, Innovation and Skills (DBIS). This will include the establishment of a robust evidence base on the work of GTAs. In parallel, GTA England should develop its own Framework and Code of Ethics, similar to those proposed here for GTAs. GTA England should ensure its Board has the capacity to act as a critical friend to GTAs, and expand its Board to include members from outside the GTA community.
- 3.6 The expansion of GTAs should be rooted in the needs and circumstances of local areas and in the potential for growth in new and emergent sectors. GTAs can and should be established in any sector of the economy which can demonstrate demand for technician and higher level skills, and whose employers are willing to conform to the principles of the GTA Framework.
- 3.7 Given the current economic and fiscal climate, the Commission recognizes that calls for new investment have to be realistic. GTA England should lead a working party of representatives of existing GTAs (including those not in GTA England membership) to develop a feasibility study for expansion. An 'incubator' approach (as used by university-business partnerships to support innovative start-ups and knowledge transfer) could be employed, allowing new GTAs to be set up under the 'care' of an established GTA in the same or closely related sector. This would facilitate the expansion of successful GTA business models and governance structures, and the replication of best practice in engaging employers and the wider community.

- 3.8 In parallel to the feasibility study, DBIS, the Skills Funding Agency (SFA) and Higher Education Funding Council for England (HEFCE) should investigate the means to establish a 'level playing field' for GTAs and Further Education colleges. This would enable GTAs, in their own right, to deliver vocational qualifications (up to and including Level 4) outside apprenticeship. It would also provide capital funding to sustain and upgrade GTA facilities and equipment. The study should also explore a revenue funding model to enable GTAs to draw down government funding against planned numbers of trainees in one year, with adjustments the following year based on actual enrolment and completion.
- 3.9 Employers must contribute financially to the sustainability and expansion of GTAs. The 'Employer Ownership of Skills' pilot should be seen as an opportunity to build on the intermediary capacity of GTAs to facilitate the involvement of SMEs and micro-businesses that do not currently engage with publically funded initiatives.
- 3.10 GTA England and individual GTAs currently involved in the delivery of training at Level 4 should be involved in any developments to take forward the Wilson Review's recommendations in relation to closer collaboration between Higher Education and business.
- 3.11 Government and its agencies should ensure that references in policy documents to GTAs should be carefully and consistently distinguished from Apprenticeship Training Agencies (ATAs).
- 3.12 GTA England should not introduce a segmented form of membership until it has firmly established itself as the collective voice of GTAs.
- 3.13 GTA England should consult its members on the merits of managing a single contract with the SFA. It should protect and promote the individual identity of GTAs and vigorously avoid any shift to homogeneity.
- 3.14 GTA England and GTAs should build relationships with individual trade unions as a means to reach more SMEs, employees, and individual learners who could benefit from their services.

Acknowledgements

The Commissioners would like to thank everyone who contributed oral and written evidence to the Inquiry. They also acknowledge the administrative support provided by Richard Arnold and research support provided by Dr Laura James of the LLAKES Centre at the Institute of Education during the Inquiry. The Chair of the Commission wishes to acknowledge the commitment and enthusiastic involvement of the Commissioners who voluntarily gave their time to enable this Inquiry to reach its conclusions.

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1. Introduction

- 1.1 This report sets out the findings and recommendations of the Commission of Inquiry into the Role of Group Training Associations (GTAs). The Commission was established by GTA England with the support of the National Apprenticeship Service (NAS) and conducted its independent inquiry between January and April 2012 (see Appendix 1 for the composition of the Commission).
- 1.2 The broader context for the Inquiry is the Government's strategy for economic growth, the rebalancing of the economy, and the renewed focus on technician-level expertise. The UK faces the perennial challenge of encouraging greater employer demand for and investment in skills. At the same time, employers want to be confident that the training provision available to them in all sectors and in all areas of the country is of consistently high quality. GTAs were formally established in the 1960s as a response to these challenges. Although many other initiatives have been introduced in the intervening years, the GTA model has endured and adapted to change.
- 1.3 In October 2011, in a speech to the GTA England annual conference, John Hayes, the Minister for Further Education, Skills and Lifelong Learning, reiterated his support for GTAs and for the Commission, which he looked to for recommendations about how the GTA network could be expanded and how the Government could further support the work of GTAs. Central to the Minister's support for GTAs is his belief that they play a vital role in enabling small and medium-sized enterprises (SMEs) to run and expand their apprenticeship programmes, and in supporting large companies as they develop the level and quality of workforce skills in their supply chains.
- 1.4 Due to constraints in terms of time and resources, the Commission confined its evidence gathering to England. It is the Commission's view, however, that the findings and recommendations of the Inquiry will be of interest to employers, policymakers and other stakeholders involved in training and workforce development in Scotland, Wales and Northern Ireland.
- 1.5 The Commission framed its inquiry round the following questions:
 - What are the characteristics that provide GTAs with a distinctive identity? (e.g. is employer membership an essential characteristic? Can/should the brand of GTA be applied to any type of organisation involved in the delivery of employer-led training?)
 - To what extent should GTAs represent specific sectors of the economy, namely those that have a substantial 'technical' dimension to their work?
 - Should GTAs follow a specified code of ethical behavior, and what might be included in such a code?
 - How should GTAs be governed? (e.g. do GTAs have to be registered charities?)
 - How should GTAs be financed? (e.g. can GTAs operate under one contract in relation to government-funded training programmes such as Apprenticeships? Should they be part-funded by the State?)

- In what ways should GTAs relate to other organisations that are central to the architecture of the UK's VET system? (e.g. How do GTAs currently work with higher education institutions as well as with further education colleges and other types of training provider?)
- Is the role of GTA England to represent an optimum number of GTAs, or can there be an unspecified number in the membership?
- Could GTA England membership be segmented to reflect different levels of commitment to the GTA model?

1.6 In seeking answers to these questions, the Commission has:

- Gathered written and oral evidence from a range of stakeholders (see Appendix 2 for the list of contributors to the Inquiry and a website link for access to the written evidence)
- Examined the research literature on the development and performance of GTAs and their role within the UK's vocational education and training system
- Examined the ways in which the concept of the GTA is currently used and understood by employers, policymakers, education and training professionals, and other relevant stakeholders
- Examined the potential for GTAs to play a greater role in articulating the needs and concerns of employers in regard to skill formation (and particularly apprenticeship) in a rapidly changing economic context.

1.7 This report is organised in eight further sections. Section 2 outlines the origins and development of GTAs. Section 3 discusses the distinctiveness and characteristics of GTAs. It proposes a framework and code of ethics to underpin an accreditation process for the formal recognition of GTAs. Section 4 examines the role of employers and governance of GTAs. Section 5 discusses the need for GTAs to diversify in terms of sector coverage and their 'technical' focus. Section 6 examines the way GTAs are funded and Section 7 examines their role in and contribution to the wider skills landscape. Section 8 discusses the role of GTA England as an over-arching body and potential to take on further responsibilities. The report ends with a conclusion and a set of recommendations (Section 9).

2. The origin and development of GTAs

2.1 The practice of employers forming not-for-profit associations to service their training and business needs has a long history in the UK as well as in many other industrialised countries.¹ This collaborative action can take many forms and operate at different

¹Cooney, R. and Gospel, H. (2008) Interfirm cooperation in training: group training in the UK and Australia, *Industrial Relations Journal*, 39(5): 411-427.

scales from the local through to national level. Some employer associations are centred on the needs of one specific industry, whilst others have a multi-sector focus. The emergence of what today we would recognise as a GTA is usually dated back to the late 1940s and the aftermath of the Second World War, but it was the establishment of the statutory Industrial Training Board (ITB) levy in 1964 that provided the funding to enable a substantial network of GTAs to develop².

- 2.2 GTAs supported employers who could not locally source the integrated combination of theoretical knowledge and practical off-the-job training they required for the first year of their apprenticeship programmes. In many cases, the new GTAs established training centres to serve this need. In the remaining years of the apprenticeship, the off-the-job training would focus primarily on the study of theoretical knowledge, which could be delivered by local colleges of Further Education (FE). Over time, most GTAs developed their expertise sufficiently to be able to service all of the off-the-job training for an apprenticeship, though some continue to collaborate with colleges and other types of training provider.
- 2.3 The focus of GTAs at that time was predominantly in engineering manufacture, metal industries, transport, and construction, and on apprenticeship training. In most cases, GTAs were established as companies limited by guarantee with charitable status. Employers paid a subscription to become members of the GTA and the boards were made up of representatives of the membership.
- 2.4 Under the marketisation of training provision in the early 1980s and the abolition of the levy (apart from in the construction industry), GTAs lost their access to the funding they used to sustain capital intensive training centres and support the other costs of running a not-for-profit organisation. At the same time, the significant reduction in the levels of manufacturing in the UK and the expansion of service sector industries posed a major challenge to the traditional base of the GTAs. Although GTAs continued to be formed throughout the 1980s and 1990s, their numbers were reduced from the original 150 or so through closures and mergers.³ As governments sought to centralise the design and co-ordination of training, particularly in response to high levels of youth and adult unemployment, many GTAs became suppliers of government-funded training programmes. In doing so, they joined the new breed of private training providers and the existing FE colleges in competing for government-funded training contracts.
- 2.5 In conducting its Inquiry, the Commission noted the lack of research and statistical evidence on GTAs. A study commissioned by the then Department for Education and Skills (DfES) and carried out in 2001/02 estimated that there were 150 GTAs in existence, with the greatest concentration being found in the West Midlands, North of England and Scotland. In compiling their figures, however, the researchers had to piece together data from a range of sources and make judgements about the extent to which some organisations that used the title GTA should be included. Having surveyed 78 organisations initially classified as GTAs, the report concluded that only 13 equated

Gospel, H. and Foreman, J. (2006) Inter-Firm Training Co-ordination in Britain, *British Journal of Industrial Relations*, 44(2): 191-214.

² The training levy was equivalent to 0.9% of the gross payroll of employers, three quarters of which was reimbursed to the businesses that carried out training.

³ See Burge, K., Vasey, A, McQuade, K. and Hardcastle, R. (2002) *The Role and Impact of Group Training Associations*, Research Report 384, Nottingham: Department for Education and Skills.

fully to the original definition of a membership-based, employer-led training body. The researchers proposed the following typology of GTAs (p.47):

- **Demand-driven (strategic)** – close links with member firms and strongly employer-led; deliver direct training and take firm control over quality of subcontracted elements; meet their members’ apprentice recruitment needs; encourage and support applicants of all types from all backgrounds
- **Demand-driven (declining)** – most endorse membership principle, but some make no distinction between members and non-members; have extended activities to combat falling membership; direct delivery of training has declined, but range of training offered has broadened; some meet most of their members’ recruitment needs, but others only partially so; encounter problems in placing females in male-dominated jobs, and in some instances make distinctions between jobs ‘suitable’ for males and females
- **Supply-led GTAs** – employer engagement is no different to that which exists between other training providers and their clients; no direct delivery, merely management of off-the-shelf training packages; equal opportunities policies and practices can be extremely good, encouraging trainees from a variety of backgrounds

In 2012, this typology is still relevant as it captures the way GTAs are positioned on what we in the Commission defined as a ‘demand-led – supply-led continuum’. It also acknowledges the fact that some GTAs are struggling to survive despite their efforts to remain at the demand-led end of the continuum. GTAs and GTA England need to evaluate the extent to which sufficient numbers of GTAs have the capacity and governance structures to avoid moving further to the supply-led end of the continuum.

- 2.6 Trying to pin down exactly which organisations should and can be classified as GTAs has been problematic for some time due to the turbulent nature of the policies that underpin the funding and organisation of government-supported training. In addition, it should be remembered that any organisation can call itself a GTA. Over time, some of the original GTAs have merged with each other, whilst others have been taken over by FE colleges. In 2009, a study found that 40 organisations in England displayed the characteristics of a GTA.⁴ Of those 40, 28 now form the membership of GTA England, which was established in 2009 to promote and build the profile of GTAs and act as an over-arching body to allow the network to have a greater voice. GTA England calculate that 14 organisations still operate as GTAs, but are not in their membership, and that 16 organisations once considered to be GTAs no longer operate under this classification (see Appendix 3 for a list of the GTAs in each category).
- 2.7 The geographical concentration of the 40 GTAs as identified by GTA England partly reflects their origins in the manufacturing heartlands of the North West, North East and West Midlands (see Appendix 4). Clearly, there are many areas of the country that do not have access to GTA services.
- 2.8 In a 2009 White Paper, the Labour government acknowledged the important role of existing GTAs, saying it wanted to encourage “new and innovative approaches drawing on the Australian model” [of Group Training Companies], “...where apprentices are

⁴ *Developing the Group Training Associations*, Final Report, London: Beyond Standards Ltd.

employed by a recruitment agency and hired out to host businesses”. As a result, seed funding was provided to establish 10 ‘Apprenticeship Training Associations’ in order to extend the “group training approach of employer-led training associations in particular to those sectors of the economy that tend not to take Apprentices”.⁵ This resulted in the creation of what are now called Apprenticeship Training Agencies (ATAs).

- 2.9 Group Training Companies (GTCs) were set up in Australia in the 1970s initially to support training in engineering, construction and metals, but have diversified considerably since then into other sectors. Today, at least half of GTCs have multi-sector coverage. In their evaluation of GTCs, Cooney and Gospel (2008) argue that they have “closer working relationships with government and a more arm’s length relationship with employers” than their GTA counterparts. They also note that GTCs have had consistently high levels of government support over many years in contrast to the “stop-start” development of GTAs in the UK.
- 2.10 The most striking difference between GTCs and GTAs relates to the role that GTCs play as employment agencies for apprentices, the dimension that the ATAs were based upon. This has happened in the construction sector in the UK for a long time due to the sub-contracted nature of the industry involving many micro businesses.⁶ To date, however, with the odd exception, this has not been the practice in other sectors. Given the high rates of youth unemployment and the insufficient number of employers offering apprenticeships, the ATA approach is attractive to government.
- 2.11 In its prospectus for potential bidders for ‘seed funding’ following the 2009 White Paper, the National Apprenticeship Service (NAS) referred to GTAs/ATAs throughout.⁷ This conflation of the two brands is, in the Commission’s view, highly regrettable. It was noticeable in some of the oral and written evidence that some stakeholders are unaware of the differences between GTAs and ATAs. The confusion is compounded by the absence of regulation concerning the GTA brand. GTA England reported that some ATAs have enquired about changing their name to that of GTA.
- 2.12 GTAs are at a crossroads. Like all stakeholders in the UK’s highly centralised skills system (particularly in relation to apprenticeship), they have to be alert to the shifting requirements and potential funding streams associated with government-funded training programmes. In particular, because of their history and the types of employers with whom they engage, the dominant core of GTA activity is focused on apprenticeship training. Due to the marketised nature of apprenticeship provision, this means that GTAs have to compete and collaborate with other providers. At a time when the quality of apprenticeship provision is under intense media and parliamentary scrutiny, the GTA model provides government with an opportunity to re-establish and reaffirm the principles on which the skills system should be built.

⁵ *New Opportunities - Fair Chances for the Future*, Cm. 7533, January 2009

⁶ Written evidence to the Inquiry from Centrica describes this model.

⁷ *Testing Alternative Delivery Models: Group Training Associations and Apprenticeship Training Agencies Prospectus*, London: National Apprenticeship Service.

3. The characteristics and distinctiveness of GTAs

- 3.1 The plethora of organizations involved in employer engagement, training and skills at both national and local level has created confusion about the distinctive contribution of GTAs. For example, in the evidence given to the Inquiry, some witnesses referred to GTAs as ‘coalitions’, ‘networks’ or ‘consortia’ of employers. This may give the wrong impression that a GTA could have a ‘virtual’ existence in the same way as some National Skills Academies. It is necessary to stress, however, that, whilst GTAs differ in size and scope, they are organizations with physical premises in a local area, usually including a training centre. Other witnesses did not distinguish between GTAs and other kinds of training provider, and some used the terms GTA and ATA interchangeably. It is important, therefore, to identify the characteristics that distinguish GTAs in the skills landscape.
- 3.2 It is clear from the evidence presented to the Commission that GTAs can legitimately be regarded as distinctive because:
- First and foremost, GTAs have evolved in response to the needs of and strategic leadership from local employers who are directly involved in their governance, and in the development of training curricula and approaches to teaching and learning. They understand the pressures under which businesses operate and how to support them through a highly responsive holistic and long-term service covering all aspects of workforce development.
 - Second, they operate as not-for-profit organizations that invest any surplus in the continuous improvement of their services.
 - Third, GTAs deliver Intermediate (Level 2) and Advanced Apprenticeships (Level 3) with a high level of technical content, typically lasting from 2 to 4 years and involving substantial off-the-job training. They also deliver other forms of high quality training at Level 3 and above.
 - Fourth, through economies of scale and high quality training centres, GTAs provide specific support to SMEs to enable them to meet the costs of running high quality apprenticeships.
- 3.3 These characteristics form the basis of a framework of criteria against which any organisation wishing to be recognized as a GTA, could be judged.

GTA Framework

- Not for profit
- Employer-led Board of Trustees/Directors, including SME representation drawn from local employers who have a sense of ‘ownership’ of the GTA
- Members/employers provide strategic direction for training quality and content
- Ethical code of conduct
- Provides an holistic workforce development service
- Expertise and capacity in meeting advanced/technician and higher level skills needs of a specific sector (or sectors)
- Mediates between and balances the needs of employers and learners
- Has physical premises including a Training Centre (small GTAs should be affiliated to a larger GTA to share a Training Centre, or have facilities co-located with an employer)
- Engages in ‘peer review’ and shares best practice/expertise with other GTAs
- Engages with schools, colleges, higher education institutions, specialist private training providers, and the wider community

3.4 It is the Commission’s view that this Framework is sufficiently robust to ensure consistency of standards across England, but without compromising the ability of GTAs to develop other characteristics which enable them to remain responsive to their members and communities. GTAs should not be homogenous. They should reflect the distinctiveness of their employer base. They may reflect regional characteristics. They may specialise in certain forms of training and business support.

3.5 In both the oral and written evidence, respondents to the Inquiry referred to GTAs having a shared set of values, with their behaviour being guided by a sense of professional ethics. It is the Commission’s view that a GTA Code of Ethics should be published alongside the framework. The following Code has been constructed from suggestions provided to the Inquiry.

GTA Code of Ethics

- GTAs must set an example through their professional approach to business and to the treatment of their own workforces.
- GTAs must promote equal opportunities in all aspects of their work.
- GTAs must act in the best interests of their employers and learners.
- GTAs must ensure their assets and funds are not subject to maladministration or used for purposes other than the sustainability of the GTA.
- GTAs should work together to maximize their collaborative advantage to support the diverse needs of their employers and to expand into new sectors.
- GTAs should only provide services in sectors in which they have the necessary levels of expertise and capacity to properly support both employers and learners.
- GTAs must be prepared to turn down business opportunities that conflict with this code.
- GTAs must contribute to the collective well-being of the GTA community.
- GTAs must engage in critical peer review to ensure the highest standards of ethical behaviour and leadership are maintained.
- GTAs must safeguard the trust that employers, learners and communities place in them.

3.5 The Inquiry produced evidence about the challenges that GTAs face in maintaining their distinctive contribution in a competitive marketplace, a turbulent policy landscape, and economic recession. The following sections discuss these challenges.

4. Employer Involvement and Governance

4.1 Most GTAs are not-for-profit companies limited by guarantee and registered charities. In the written and oral evidence, there was very strong agreement that employers should be centrally involved in the strategic leadership and governance of GTAs. There were differing views, however, as to how that should be achieved. Some witnesses stressed the importance of GTAs having an employer-based membership as part of their structure, from which individuals can be invited to sit on the Board. Others said employer involvement could be achieved without recourse to membership. Existing membership arrangements vary across GTAs in terms of size, level of activity, fees, and other forms of contribution (e.g. donating or subsidising equipment). In some GTAs, members receive a discount on training and access to a range of member-only events. As a Commission, we are of the opinion that some form of membership is important for the following reasons:

- It confirms the long-term symbiotic relationship between the GTA as an organization and its member employers.
- It is a mechanism through which employers can exert influence through regular dialogue.
- It is a mechanism for ensuring the GTA remains employer-led rather than government-led.
- It is a mechanism for ensuring a continuous flow of board members.
- It provides a forum for employers to meet and share ideas and experiences.

4.2 The following comments from the written evidence illustrate these points:

“I believe that the employer ownership structure is what makes GTAs unique and generate the buy-in/engagement we have with employers so strong. Delivering employer-led training is not the same as being owned and controlled by employers.”

“I can’t see a GTA unless you have ownership by the employer. If you take that away you are just another organization because anyone can be a company limited by guarantee, anyone can be a registered charity.”

- 4.3 Having a membership does not, of course, preclude having a relationship with or providing a service to other employers. One GTA, for example, has 60 members whilst also having a business relationship with some 2,000 other employers.
- 4.4 A survey conducted in March 2011, and completed by 25 members of GTA England, revealed that 15 GTAs had boards comprised only of member companies, three had membership boards which included some retired members, and the remaining six recruited non-member employers who had specific skills and/or connections.⁸ None of the GTAs used open recruitment methods to select Board members or recruit new employer members, and only a minority had a formal process for doing so. Most of the recruitment of members is done through personal connections, GTA events, and other forms of networking. Evidence given to the Inquiry indicates that many GTAs, like any organisations working in the training and skills arena, have to work hard to persuade sufficient numbers of employers to get involved. It is important, however, that GTAs ensure their membership and Board recruitment practices are as transparent as possible and conform to equal opportunities’ legislation.
- 4.5 The same 2011 survey revealed that 21 GTAs had a single Board fulfilling both charitable and company responsibilities, whilst four (of the larger GTAs) were moving towards having a charity trusteeship board with a subsidiary company or companies.
- 4.6 Charitable status was regarded by some respondents to the Inquiry as essential because it sent a signal to employers and local communities that GTAs operate with integrity and are committed to service rather than to making profits. Other respondents were less convinced, expressing concerns about the potential burden of having a further layer of

⁸ *Enhancing the Governance of GTAs: initial findings from the questionnaire and sample visits*, London: Beyond Standards Ltd.

governance. The following comments from GTA directors reflect the different perspectives:

“I think the benefit I’ve found is when I’ve gone out to a lot of customers that have differentiated between those that have tried to make a quick buck with an employer and those that aren’t. And when you say you’re a charity, I think there’s a comfort factor with employers.”

“I think there are real problems with registered charities because of the nature of governance that comes of the registered charity. Because charities essentially make it extraordinarily difficult to have the kind of collaborative working between the executive and non-executives, which I think makes governance problematical. So I think there are quite a lot of problems with it. There are other ways of getting not for profit status and mandating not for profit status.”

- 4.7 All respondents stressed the importance of being ‘not-for-profit’ and, as was pointed out earlier in this report, it is the Commission’s view that this characteristic should be mandatory. As some respondents pointed out, being a not-for-profit company limited by guarantee provides the necessary safeguards in terms of ensuring that surpluses are ploughed back into the organisation, as well as providing a GTA with the underpinning ethos of public service.
- 4.8 An important aspect of charitable status is that a charity’s assets are protected and transferred to another organisation if it gets into difficulty. Many GTAs have substantial assets in the form of buildings and equipment which are part of the training capacity and fabric of a local area. The Commission is of the view that GTAs must have appropriate and robust procedures for safeguarding the legacy of their assets, but this does not, necessarily, mean that they have to be charities.
- 4.9 In recent years, there has been growing interest in the development of new and innovative forms of ownership and management of ‘public service’ organisations and in building on the long-standing model of the co-operative. Perceived benefits of shared-ownership involving employees, other stakeholders and communities are said to come in the form of increased productivity, retention and motivation of staff, customer/client satisfaction, and community involvement. The Cabinet Office’s Mutuels Taskforce, for example, is supporting the expansion of Public Service Mutuels, which are organizations that have ‘spun out’ of the public sector, but continue to provide public services. Mutuels are typically found in the health and housing sectors. In their 2010 report, the Office for Public Management provided a chart (see below) to identify the different characteristics of four public service models: social enterprises; co-operatives; employee-owned businesses; and joint ventures⁹. It is the Commission’s opinion that GTAs and GTA England should use this chart to evaluate the extent to which their governance structures reflect these new forms of public service ownership and management.

⁹ OPM (2010) *New models of public service ownership*. London: Office for Public Management.

Chart 1: Characteristics of public service organisations

	Social Enterprise	Co-operatives	Employee-owned businesses	Joint Venture
Values, purpose and feel of organisation	Emphasis on strong social purpose and community benefit	Emphasis on pursuing members' interest	Emphasis on employee engagement	Emphasis on commercial partnership
Business model	Not for profit	Profit distributing to members	Profit making	Profit making
Ability to raise capital	Start-up requirement low Assets locked	Could raise capital from membership	Capital can be raised from non-employee owners	External partners chosen to bring in capital quickly
Ownership/membership	Primarily for community purpose	Owned by members (customers, employees etc)	Part or fully owned by employees	Shared ownership with external partner

5. Sector coverage and 'technical' focus

- 5.1 It is the Commission's view that GTAs can and should be established in any sector of the economy which can demonstrate a demand for technician (Level 3) and higher level skills (Level 4 and above) and whose employers are willing to conform to the principles of the framework outlined above. This is vital to the survival of GTAs and for their geographical coverage.
- 5.2 GTAs are still strongly associated with engineering manufacture and construction, partly as a result of their history, but also because they have maintained their reputation for delivering high quality training (and particularly in apprenticeships) in those sectors. Over the past 20 or so years, as some FE colleges cut back their provision in these sectors, GTAs have provided a crucial service to both local employers and also large companies such as Rolls-Royce, Royal Mail, and BASF.

5.3 Where GTAs have diversified, this has happened for three key reasons:

- To support their employers who require training for other parts of their business, notably in areas such as Business Administration and Customer Service.
- In response to demand from employers in sectors outside engineering and construction seeking Advanced Apprenticeships and other forms of training in areas such as Dental Nursing and Financial Services.
- In order to draw down government funding as a means of survival (see section 6 below).

5.4 In relation to (a) above, GTAs sometimes define themselves as the training departments of their member employers (particularly the SMEs). As one respondent to the Inquiry explained, this involves satisfying “the entire training needs of the organization through direct delivery or brokerage. In the case of manufacturing, this needs to include: management; engineering; and finance and administration as a minimum”. In oral evidence, a witness commented:

“One of the things that we tried to do as part of our strategy was to say ‘well actually it’s not that we deliver solely technical subjects, it’s that we deliver to a technical sector’. So although we deliver things like customer service, warehousing, business administration and so on, our long term intention is to deliver those to our technical customer base.”

Having the capacity and vision to identify ways to encourage employers to consider the training and development needs of their whole workforce, rather than only focusing on the technical areas of a workplace will be a challenge for some GTAs.

5.5 Diversification away from the traditional core areas of expertise was regarded by some respondents as very risky because it could threaten the distinctiveness of GTAs – they become “just like any other provider”.

5.6 It is the Commission’s opinion, however, that diversification should not be seen in terms of existing GTAs just expanding into different areas. Rather, that more sectors and occupational areas of the UK economy could benefit from the GTA model. A key growth sector which would benefit from having GTAs covers the creative and cultural industries. In their evidence to the Inquiry, the Creative and Cultural Skills SSC, noted:

“...there are serious technical gaps within the creative and cultural industries. 43% of job vacancies that are defined as ‘hard to fill’ by employers are in associate professional and technical occupations. Significant apprenticeship and training delivery through employers within small coalitions could help to rebalance the workforce in this area to satisfy the demand for the correct technical skills within occupations.”

Respondents to the Inquiry also highlighted the potential for GTA engagement in financial services, green technologies, and health and social care.

5.7 Given the major challenges for workforce development in the health sector, the Commission is of the view that GTAs and GTA England should be examining strategies for engaging with the different types of health-related organizations at local and

regional level. This will include the new Local Education and Training Boards (LETBs), which will take over the responsibility for the funding of Multi-Professional Education and Training from area health authorities in 2013, and the already established Skills Academy for Health and Skills Academy for Care. There is evidence that some NHS Trusts already collaborate on apprenticeship programmes (particularly at Level 2) and other forms of training. A policy document published in January 2012 by the Department of Health notes that responsibility will be devolved to the LETBs who will have the flexibility to “invest in innovative approaches to education and training”.¹⁰ As a result, healthcare employers (NHS and private sector) will need to collaborate with local training and regional providers to ensure they access both NHS and non-NHS funding to meet this ambitious agenda. In the Commission’s view, the Skills Academy for Health, the Skills Academy for Care and GTA England should use this opportunity to explore the potential for a network of GTAs (comprised of existing and new GTAs) to be established in health-related services in LETB areas.

- 5.8 In today’s economy, the concept of ‘technical’ skills or ‘technical’ occupations has become much more fluid than in the past, partly as a result of the extensive use of Information and Communication Technologies (ICT) in most workplaces. Other skills such as project and process management and team leadership are now also of growing importance. Several respondents to the Inquiry referred to these developments in relation to apprenticeship. GTAs have a long-standing reputation for supporting high quality apprenticeship programmes which are underpinned by a commitment to building a platform for both occupational and educational progression. These apprenticeships recognize the contemporary need for a much more sophisticated and long-term approach to skill formation, one that goes beyond the minimal requirements of the government-funded apprenticeship frameworks.
- 5.9 The demand for apprenticeships with substantive content comes from employers whose organizations utilize advanced/technician and high level skills. These organizations, which include SMEs, can be found in all sectors and so it follows that the GTA model should not be restricted to certain sectors. Generating more employer demand for and utilisation of advanced/technician and high level skills continues to be a major policy objective in the UK. In the Commission’s view, government should establish pilots in emerging and growth sectors of the economy to enable existing GTAs with strong track records in Advanced Apprenticeship and Level 4 training (e.g. to HNC and HND level) to develop apprenticeships and other forms of workforce development with SMEs and larger companies within their own locations and also in areas of the country where GTA presence is minimal or non-existent. This is important in order to:
- Capitalize on the expertise of existing GTAs.
 - Provide additional funding to sustain and promote high quality apprenticeships.
 - Bring new employers into collaborative arrangements so that their expertise and influence can help inform and enhance skills policy and practice.
 - Collaborate with higher education institutions with recognised centres of excellence to develop training programmes that reflect the latest technological innovations; and

¹⁰ DoH (2012) *Liberating the NHS – developing the workforce – from design to delivery*. London: Department of Health.

to develop Higher Apprenticeships to improve progression pathways from apprenticeship.

- 5.10 In the Commission's view, therefore, diversification should be led primarily by employer demand, but can also be used to stimulate demand in emergent and growth sectors. Diversification should not be at the expense of quality or lead GTAs to switch their focus away from training for Level 3 and above.
- 5.11 The Commission found the recent Wilson Review on business-university collaboration very relevant to its inquiry.¹¹ In particular, it noted the emphasis on the need for higher education institutions to maximize their **collaborative advantage** when working with employers. GTA England could play a key role here in helping GTAs to map their areas of expertise and encouraging them to work together on specific projects where employers need access to a range of services. This would also provide a mechanism for GTAs to conduct peer reviews and collaborate on specialist areas of professional development for their own employees.

6. Funding of GTAs

- 6.1 The 2002 DfES study of GTAs (referred to above) reported that they followed different business models, with specialization in particular sectors and types of training activity. It noted that some GTAs focus on the subcontracting and management of off-the-shelf provision while others work closely with employers to deliver tailored training and holistic workforce development. There are therefore variations in the revenue streams developed by different kinds of GTAs. However, both written submissions and oral evidence presented to the Commission emphasised financial sustainability as a significant challenge for all GTAs as they operate in a fierce and competitive marketplace.
- 6.2 Historically, GTAs built up reserves as a precaution against fluctuations in the demand for their services. Evidence to the Commission showed that some GTAs are living off these reserves in order to sustain high fixed and running costs and adjust to cuts in SFA funding rates (10% over 2011/12 and 2012/13). Some GTAs are losing money (estimated to be at levels between £100,000 and £400,000 per year) so leaving no scope for capital investment. This is happening despite the fact that most have no bank borrowing and own their own premises.
- 6.3 Some respondents to the Inquiry strongly emphasised that GTAs are at a disadvantage in relation to FE colleges with regards to government funding. GTAs have contracts with the Skills Funding Agency (SFA) to deliver apprenticeships. They can draw down government funds for delivering qualifications within apprenticeship frameworks and also any other qualifications approved as part of the Adult Skills Budget. Unlike FE colleges, however, they cannot access funding for the delivery of qualifications outside apprenticeships. Some GTAs deliver vocational qualifications for part-time FE students on behalf of local colleges in cases where the colleges do not have the expertise, capacity or necessary equipment to run the necessary courses. This is particularly the

¹¹ Wilson (2012) *A Review of Business-University Collaboration*, London: Department for Business, Innovation and Skills - led by Professor Sir Tim Wilson.

case in engineering. Some colleges who sub-contract this work to GTAs are reported as typically keeping back between 15 and 40% of the funding they receive from the SFA as a 'management fee'. In order to ensure this type of provision is financially viable, GTAs usually insist on a contract that ensures they are paid in full for a specific number of students (e.g. 16) regardless of whether some leave the course before completion. It is the Commission's view, however, that as sub-contracting dilutes the amount of funding to be spent on actual training, it should be discouraged. GTAs should be able to draw down 100% of the funding available from the SFA and HEFCE (in the case of qualifications at Level 4 and above) to deliver qualifications in the same way as FE colleges.

- 6.4 GTAs can also deliver qualifications such as BTEC National Certificates/Diplomas and HNCs/HNDs that lie outside apprenticeship frameworks at full cost to employers and individuals. Some employers, again notably in engineering, want their apprentices to progress further and so are willing to pay full fees. In the case of HNCs/HNDs, colleges can access funds from the HEFCE and so offer these qualifications at a subsidised rate. The Commission noted the Wilson Review's recommendation that: "Foundation degree awarding powers should be revisited to enable consortia of FE colleges, or a national CNA type organisation, working in partnership directly with employers and/or SSCs, to obtain such powers". Given that GTAs work closely with employers who are willing to invest in higher level skills, it is the Commission's opinion that they should be involved in any developments to take forward the Wilson Review's recommendations, including the opportunity to become accreditation centres for Foundation Degrees.
- 6.5 GTAs need capital funds to provide cutting-edge technology in their centres. They are currently unable to access funding from the government to invest in new equipment or premises. This is a particular problem in relation to providing training in subjects with high levels of technical content that require expensive equipment and investment in new technology. It is the Commission's view that ways of providing capital funding to GTAs should be explored by the Government, as a means of ensuring a 'level playing field' with FE colleges.
- 6.6 The majority of GTA activity has always focused on apprenticeship training and they draw on government funding streams to deliver qualifications within apprenticeship frameworks. However, they also deliver a range of full-cost training to employers. One of the key characteristics, and a perceived strength of GTAs, is their close engagement with employers and responsiveness to their training needs. Witnesses and written submissions highlighted the fact that GTAs are, for example, willing to run courses at short notice for small numbers of learners in order to meet employer demand. However, this willingness to maintain capacity and respond at short notice increases the risk of financial instability, as peaks and troughs of activity are hard to predict, with attendant difficulties in planning and making longer term capital investments. One GTA gave the example of one particular month when approximately half of the total training (and therefore income) for the month was booked and delivered in the same month. Some witnesses to the Commission suggested that financial sustainability might require further amalgamation of smaller GTAs
- 6.7 The issue of funding is closely related to fundamental questions about the extent to which GTAs are, and/or should be, independent from Government funding streams and

distinctly employer-led or part of the State's skills infrastructure. GTAs have to continually negotiate the tension involved in, on the one hand, retaining their 'soul' as an employer collective or co-operative, whilst on the other hand, ensuring they remain financially viable. One witness from a GTA explained how the Chair of his Board viewed this tension:

“...we don't have to be the biggest or the most profitable, what we do have to do is to satisfy the needs of the employer base that own the organisation. So it's very much an organisation that is owned by its companies and directed and influenced by those. And I think that that, for me, is where the original concept of a GTA came from in terms of membership.”

Another witness stressed that continuity for GTAs rested with their employers and warned against becoming overly exercised by the latest policy initiative:

“...it's a good check and balance, because it's very easy for a GTA to go in a direction and be driven by government and government requirements in terms of what they're looking for, so you become an extension of the college, the schools, and you're driving that. Whereas the employers are looking at their particular needs, which may have nothing to do with the government agenda, and Ministers come and go, and employers don't, they're fundamentally there.”

However, the Commission also notes that, in this context, GTAs play an important role in mediating between Government and employers, who are frequently confused by the plethora of training schemes, qualifications and initiatives, and are concerned with timely access to consistently high quality provision.

- 6.8 A final issue related to funding concerns the desirability of GTA England taking over a single contract with the SFA to deliver apprenticeship training on behalf of all GTAs who are members. The majority of witnesses and written submissions thought that there might be advantages to this, in particular by making it easier for the SFA to deal with GTAs. It was also suggested that this might be a mechanism through which GTAs could engage in peer review. It is the Commission's view that the merits of moving to a single contract should be explored further.

7. GTAs in the wider skills landscape

- 7.1 A key question for the Inquiry was, therefore: In what ways should GTAs relate to other organisations that are central to the architecture of the UK's VET system? As we noted earlier in this report, the skills landscape in the UK is complex and many studies have reported on the exasperation of employers when seeking support for their training and wider business needs. In addition, employers continue to complain about the lack of consistency in the quality and availability of training provision. Several respondents to the Inquiry said that government should refrain from inventing new organizations and, instead, maximize the strengths of those that have proven track records.
- 7.2. It is natural that some GTAs refer to themselves as 'survivors', though this can become a tendency to dismiss newer types of organization and to assume that all GTAs have the

monopoly of employer engagement. As the Burge et al (2002) study showed, a number of GTAs have moved well away from being owned or substantially led by a group of employers and are now indistinguishable from other training providers. In addition, evidence to the Inquiry revealed how some stakeholders in the skills landscape regard GTAs as ‘relics’ of a bygone corporatist and industrial era.

- 7.3. A key strength of the GTA model (as outlined in section 3) is that it creates the capacity to develop long-term and substantive commitment to high quality training and business support at a local level. A GTA might have a considerable geographical reach beyond its immediate location, but its local identity will remain central to its values and activity. Chambers of Commerce have evolved in order to adapt to the marketplace and are engaged in similar debates about how far they can shift to being supply-led as opposed to demand-led organizations. However, Chambers tend not to have their own training centres or the level of expertise in technical and occupational specialisms found in GTAs.
- 7.4. It is the Commission’s view that GTAs play a distinctive role in the landscape for the following reasons:
- The way they have evolved over time in relation to a specific geographical location and set of activities means by their nature they operate at a functional economic scale.
 - Their governance structure and values means that employers trust them and have confidence in their ability to provide solutions for high quality training and impartial business advice.
 - Their focus on specific areas of skill means that they have a great depth of knowledge and capacity to develop occupational expertise.
- 7.5 Oral evidence to the Inquiry from three leading academics in the field of VET highlighted the comparative fragility and instability of structures that connect employers, providers, communities and government policy within the skills architecture in the UK in relation to some other European countries. One of the consequences of this is that there are substantial gaps in training capacity (and hence ability of providers to be adaptable and responsive to workplace and technological change) both locally and nationally. The expertise and experience of the GTAs could be brought to bear here as they provide the closest approximation to the way the ‘Skills Centres’ work in the Netherlands or the ‘Chambers’ in Germany.
- 7.6 The academics also cited the potential for more young people to seek apprenticeships as a result of the impact of changes in higher education (fees and admissions’ policies) and, in parallel, the decision by some employers to reduce their intakes of graduates and switch to more work-based initial training including an ‘apprenticeship’ model where individuals combine part-time higher education with on-the-job training. GTAs should be playing a key role in supporting employers in these types of transitions.
- 7.7. Some GTAs do collaborate with colleges, chambers, and training providers in order to deliver a full service to their employers. As we saw in section 6 above, colleges sometimes sub-contract GTAs to deliver training towards an technician or higher level qualification in a specific technical field as they no longer have the capacity to do so. There may be scope for greater collaboration (e.g. in relation to providing programmes

for individuals in the NEET category and in working with micro businesses in rural areas), but respondents to the Inquiry were anxious that this should not undermine the GTA model.

- 7.8. Some respondents to the Inquiry used the terms ATA and GTA interchangeably. This confusion can be partly attributed to the fact that some GTAs, notably in construction, have always operated an ‘employment agency’ (or ATA) approach within their own structures in order to carry the initial risk and costs of employing and training apprentices. The difference between these arrangements and the way free-standing ATAs operate is that they are employer-owned and driven. They may also be established for a specific purpose (e.g. to service a major construction project).
- 7.9. It is the Commission’s opinion that GTAs must be clearly distinguished from free-standing ATAs, both in policy and practice. Many respondents to the Inquiry expressed concerns about the role and status of ATAs in the landscape. A key concern is that they change the relationship between employer and apprentice and represent an additional cost which diverts scarce resources away from wages and training. ATAs concentrate on Level 2 apprenticeships and do not have the same levels of expertise and capacity in VET compared to GTAs. The relationship between employers and ATAs tends to be of a different nature to that between employers and GTAs. The only involvement an employer might have is to use an ATA as an employment agency. The Commission is, however, supportive of ATA-type arrangements being established for specific sectoral purposes and would recommend that a strategy should be developed to align these arrangements closely with GTA structures.
- 7.10 Evidence to the Commission highlighted the fact that there has been little engagement between trade unions and GTAs. Trade unions expressed confusion about the role and activities of GTAs and felt that GTAs had “missed a big trick” by seeming to “operate in splendid isolation”. They stressed, however, that it was important for GTAs and unions to work together because they have a shared interest in improving workforce development, skills, and particularly the quality of apprenticeship. They also noted that unions could help GTAs penetrate new sectors and engage ‘hard-to-reach’ learners. They recommended that information on GTAs be displayed in union branches. The Commission noted in particular that the unions were concerned that GTA England had not engaged with individual unions, though it was in contact with the Trades Union Congress (TUC). The unions called for the establishment of bilateral agreements in matters of mutual interest.
- 7.11 Some respondents to the Commission cited on-going developments in the skills landscape, noting in particular the establishment of the Local Enterprise Partnerships (LEPs) and ‘apprenticeship hubs’ as part of the ‘City Deals’ initiative. These initiatives would benefit from strong GTA involvement, whilst the GTAs themselves should see the considerable potential they offer for raising their profile and expanding their business.

8. The role of GTA England

- 8.1 There was general agreement among respondents to the Inquiry that GTA England was playing an important role in raising the profile of GTAs and providing a collective voice for the GTA community. There was general support for this role to be expanded to include a regulatory function in terms of managing the accreditation process for the recognition of new GTAs.
- 8.2 The benefits of having an umbrella organisation like GTA England to co-ordinate larger funding contracts across the GTA network drawn down from a single SFA contract were seen to outweigh concerns about organizational independence. GTA England's ability to manage such a contract would need to be evaluated against performance over time.
- 8.3 Representatives of government agencies who gave evidence also supported an expanded role for GTA England. They said it was important to have an authoritative voice speaking on behalf of GTAs and one to which policymakers could go for reliable information. GTA England could also commission and manage research projects on behalf of GTAs. However, respondents also expressed concern as to whether GTA England currently had the capacity to cope with such an expanded role.
- 8.4 Some respondents were more ambivalent about an expanded role for GTA England. They cautioned against one organization exerting too much control over a collection of independent organizations and feared being "put in a box" with same label. One respondent said:

"Nothing should be done to blight or undermine the local nature and responsiveness of a GTA. If GTAs are responding to local skill needs they will all be different and this should be understood and valued. In the admirable aim of strengthening and expanding the GTA network, there is a danger of trying to arrive at a standard model."

The Commission was told that some GTAs choose not to 'buy-in' to all areas of centralised GTA England activity, and that "An 'all-or-nothing' approach may not sit well with current GTA's who will not give up their independence easily without a strong economic motive".

- 8.5. It is the Commission's view that GTA England needs to develop a similar Framework and Code of Ethics to those proposed here for GTAs. The Commission acknowledges that GTA England is still developing as an organization and has limited resources. It recommends that GTA England should ensure its Board has the capacity to act as a critical friend and that it expand its Board to include one or two members from outside the GTA community.

9. Conclusions and Recommendations

- 9.1 In terms of national priorities with regard to economic growth, the rebalancing of the economy, the shortage of technician-level skills, and the expansion and improvement of apprenticeships, GTAs should be central to the government's plans. GTAs play a

strategic role both geographically and sectorally by monitoring and meeting the challenge posed by skills gaps and shortages. In addition, they are centrally involved in the promotion and maintenance of high standards in relation to vocational education and training, innovative work-based learning, and, importantly, apprenticeships. Hence, GTAs reflect and serve the needs and interests of both the public and private domains of the economy and society.

- 9.2 GTAs should not, however, be regarded purely as good quality training providers. Their distinctiveness is rooted in their symbiotic relationship with employers. It is employers who drive the work of GTAs, but, at the same time, GTAs support employers through providing a holistic and highly responsive business service in which training forms a part. In the Commission's view, the distinctive identity of a GTA is rooted in its governance structure. To be a GTA means being a not-for-profit organization led and governed by a board comprised mainly of and chaired by employers. Surplus funds are reinvested in the organisation in order to sustain and enhance its activities. Many existing GTAs have charitable status. Whilst this is seen to be beneficial, the Commission believes this should be a matter for individual GTAs to decide.
- 9.3 The GTA concept has proved to be highly resilient over the past 50 or so years, weathering the considerable economic, political and social changes that have taken place. It is the Commission's strong view that government should acknowledge, protect and conserve the distinctiveness of GTAs. This will require government to take a very firm line with regard to the regulation of the GTA model in terms of which organisations will be allowed to classify themselves as GTAs.
- 9.4 The Commission recommends that the role and purpose of GTAs (as outlined in the GTA Framework presented in this report) be formally recognized by government. Government and its agencies should work with GTA England to develop a plan for the creation of new GTAs in areas of the country where GTAs either do not exist or have a limited presence and also for enabling existing GTAs to expand. The creation of new GTAs should include a strong focus on meeting the needs of employers in sectors not traditionally served by GTAs and also on employers in emergent sectors.
- 9.5 New GTAs must meet the requirements of the GTA Framework (underpinned by the GTA Code of Ethics). Existing GTAs should be invited to benchmark themselves against the Framework in order to become eligible for capital funding and to enable them to be involved in the expansion programme. This process should be used by existing GTAs to take a hard look at where they sit on the 'demand-led – supply-led continuum' and what steps they need to take to re-establish their 'GTA-ness'. They should also examine how far they are stuck in a sectoral comfort zone and to what extent they have kept pace with developments in teaching and learning, including the use of new technologies and social media.
- 9.6 The Commission recommends that the accreditation process for new GTAs should be managed by GTA England – for three years in the first instance. This will require a one-off capital grant to be made to GTA England by government in order to increase its capacity. The accreditation process should be supported by an independent end-to-end evaluation providing regular reports to the members of GTA England and to DBIS. In parallel, GTA England should develop a similar Framework and Code of Ethics to those

- proposed here for GTAs. The process of expansion will need to be underpinned by a robust evidence base. GTA England should work with its members to establish a strategy for documenting and evaluating the work of GTAs.
- 9.7 GTA England should ensure its Board has the capacity to act as a critical friend and that it expand its Board to include one or two members from outside the GTA community.
- 9.8 The Commission is not minded to set a target for the optimum number of GTAs as their expansion will be rooted in the needs and circumstances of local areas and in the potential for growth in new and emergent sectors. However, it is the Commission's view that GTAs can and should be established in any sector of the economy which can demonstrate a demand for intermediate/technician and higher level skills and whose employers are willing to conform to the principles of the framework outlined above. Government will, however, need to consider the level of resourcing required to provide existing and new GTAs with sufficient capital funding as well as some start-up funding.
- 9.9 Given the current economic and fiscal climate, the Commission recognises that calls for new investment in GTAs have to be realistic. We recommend, therefore, that GTA England should lead a working party of representatives of existing GTAs (including those not in GTA England membership) to develop a feasibility study for expansion. In areas where latent demand and a clear business opportunity are identified, new GTAs should be developed with close collaboration with GTA England. Where possible, we recommend that they should follow an 'incubator' model (used by university-business partnerships to support innovative 'start-ups' and knowledge transfer). To facilitate this, GTAs could be set up in close collaboration with an established GTA (that meets the GTA Framework criteria set in this report) in the same or closely related sector. It is the Commission's view that this model of expansion would facilitate the expansion of successful GTA business models and governance structures, and the replication of best practice in engaging employers and the wider community.
- 9.10 In parallel to the feasibility study, DBIS, the SFA and HEFCE should investigate the means to establish a 'level playing field' for GTAs and FE colleges. This would enable GTAs, in their own right, to deliver vocational qualifications (up to and including Level 4) outside apprenticeship frameworks. It would also provide capital funding to sustain and upgrade GTA facilities and equipment. The study should also explore a revenue funding model to enable GTAs to draw down government funding against planned numbers of trainees in one year with adjustments the following year based on actual enrolment and completion.
- 9.11 As we have stressed throughout this report, GTAs are distinctive because they are led and governed by employers. It follows, therefore, that employers must contribute financially (and through donations and use of up-to-date equipment) to the sustainability and expansion of GTAs. The GTA model demonstrates that employers want to work in partnership with professionals who are expert in the design and delivery of training and business support, and who understand how to fulfil the requirements of publicly funded programmes. The Commission recommends, therefore, that as part of the development of the 'Employer Ownership of Skills' pilot, the UK Commission on Employment and Skills (UKCES) should examine the extent to which GTAs could play a key role as intermediaries to facilitate the involvement of SMEs and micro businesses that do not currently engage with publicly funded initiatives.

- 9.12 The Commission recommends that GTA England and individual GTAs currently involved in the delivery of training at Level 4 be involved in any developments to take forward the Wilson Review's recommendations for Higher Education – Business collaboration.
- 9.13 The Commission recommends that government and its agencies should ensure that references in policy documents to GTAs should be carefully and consistently distinguished from references to ATAs.
- 9.14 The Commission recommends that GTA England should not introduce a segmented form of membership until it has firmly established itself as the collective voice of GTAs.
- 9.15 GTA England should consult its members on the merits of managing a single contract with the SFA. It should protect and promote the individual identity of GTAs and vigorously avoid any shift to homogeneity.
- 9.16 The Commission recommends that GTA England should engage with individual trade unions as a means to reach more SMEs, employees, and individual learners who could benefit from their services.

Appendix 1

Members of the Commission of Inquiry

Lorna Unwin (Chair), Professor of Vocational Education, Institute of Education, University of London; and Deputy Director of the Centre for Learning and Life Chances in Knowledge Economies and Societies (LLAKES)

Neil Bates, Group Chief Executive, Prospects Learning Foundation

Anita Esser, Head of Wider Healthcare Teams Education, University Hospital Southampton, NHS Foundation Trust

Neil Fowkes, Learning and Development Manager, Rolls-Royce plc

Fred Grindrod, Apprenticeships Policy & Campaign Officer, TUC

Jan Hodges, Chief Executive, Edge Foundation

Halina Simpson, Chair, ATG Training

Appendix 2

Contributions to the Commission of Inquiry

a) Witnesses who gave evidence oral evidence

Tim Balcon, Energy and Utilities Skills
Gordon Birtwhistle, MP and PPS to Danny Alexander, Chief Secretary to the Treasury
Elizabeth Bonfield, EMTA Awards Ltd (EAL)
Tony Burke, Unite
Professor Linda Clarke, University of Westminster
Eric Collis, Humberside Engineering Training Association (HETA)
Steve Craig, Union of Construction, Allied Trades and Technicians (UCATT)
Nick Crowther, Appris, Bradford
Martin Doel, Association of Colleges (AoC)
Keith Donnelly, Carillion
Lynn Ferguson, GMB Southern Region
Sharon Forton, Skills Funding Agency
Professor Alison Fuller, University of Southampton
Stephen Gardner, Rathbone
Steve Gray, Training 2000
Professor David Guile, Institute of Education, University of London
Jim Harkness, North Lancashire Training Group
Ian Harper, ATG Training
Mark Hayes, Manchester Solutions
Richard Heighington, Southampton Engineering Training Association (SETA)
Bob Hiskey (PETA)
Graham Howe, West Notts College & 157 Group
Graham Hoyle, Association of Employment and Learning Providers (AELP)
Ian Kinder, UK Commission for Employment and Skills (UKCES)
Stephen Lilley, SEMTA
Gordon Marsden, MP and Shadow Minister for Further Education, Skills and
Regional Growth
Mark Maudsley, GTA England
Peter Pledger, Confederation of Apprenticeship Training Associations (COATA)
Martyn Price, Consign Construction Skills Solutions Ltd
Graham Randle, Unionlearn
David Sampson, Department for Business, Innovation and Skills (DBIS)
David Sherlock, GTA England
Kate Shoesmith, City & Guilds
Anne Tipple, British Chambers of Commerce
David Way, National Apprenticeship Service (NAS)
Lee Weatherly, Midland Group Training Services
Peter Winebloom, EEF Ltd
Rob Wye, Learning and Skills Improvement Service (LSIS)

b) Organisations who provided written evidence:

Bedford Training Group Ltd
Carillion Training Services
City & Guilds
Creative and Cultural Skills (Sector Skills Council)
Fair Train (Group Training Association for the Third Sector)
Gloucestershire Training Group Ltd
Herefordshire and Worcestershire Group Training Association
Humberside Engineering Training Association (HETA)
Mersey Maritime Group
National Apprenticeship Service
NETA Training Trust
NLT Training Services Ltd
Pearson
PETA
SEMTA (Sector Skills Council for Science, Engineering and Manufacturing Technologies)
Sheffield City Region Local Enterprise Partnership
Skills Funding Agency
Southampton Engineering Training Association (SETA)
Stockport Engineering Training Association Ltd (SETA)
TUC
UK Commission for Employment and Skills (UKCES)

Professor Howard Gospel (King's College London) supplied the Inquiry with two academic papers, which are referenced in the Report.

The written evidence is available at: <http://www.llakes.org/2012/05/gta-inquiry-documents>

Appendix 3: List of GTAs

a) GTA England members

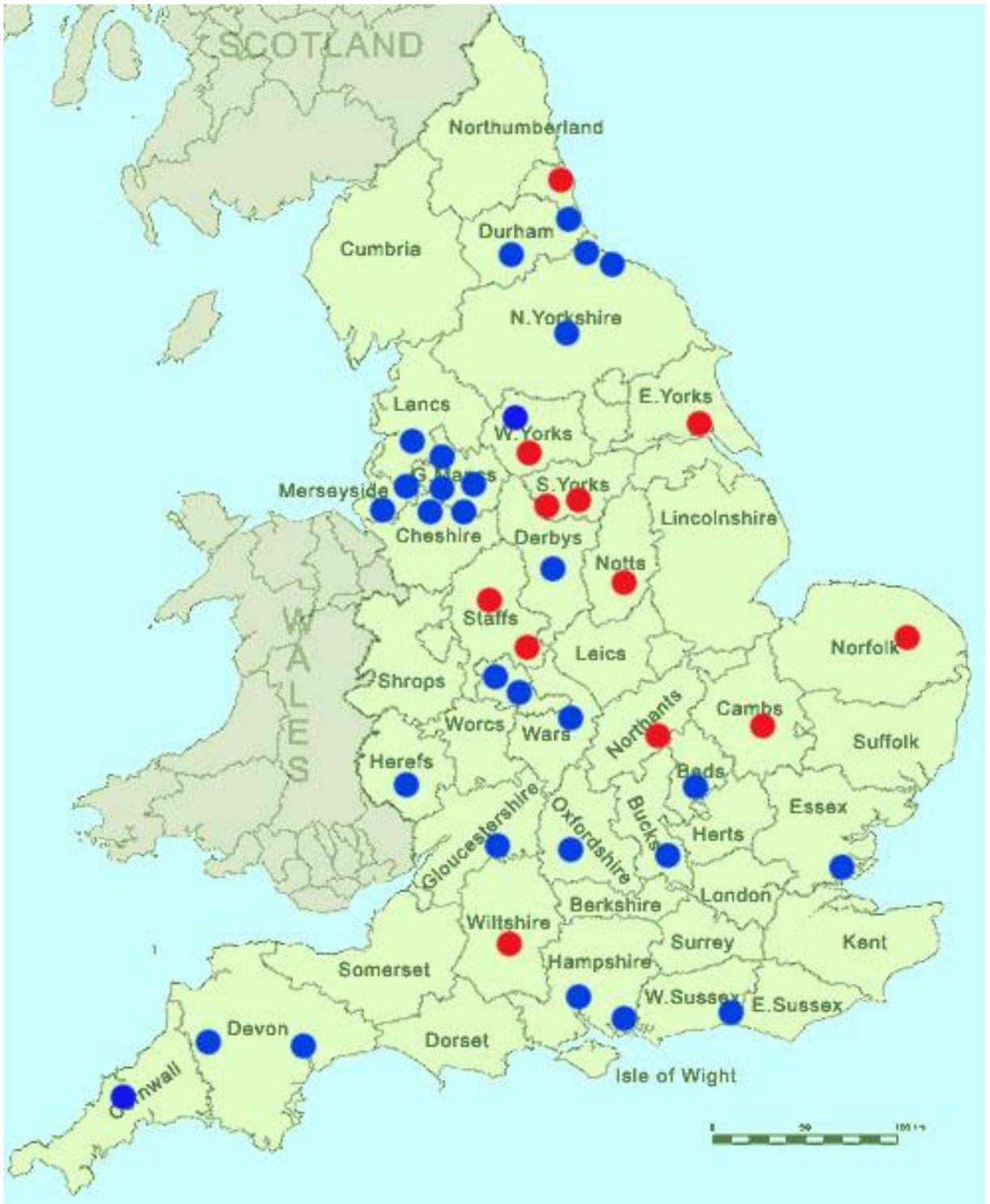
Title	Forename	Surname	Organisation
Mr	Steve	Whitehead	Alliance Learning (Horwich, Greater Manchester)
Mr	Nick	Crowther	Appris Management Ltd (Bradford)
Mr	Ian	Harper	ATG-Training (Aylesbury)
Mr	Alan	Gildersleve	Bedford Training Group
Mr	Lawrie	Bennett	Education & Training Skills (Exeter)
Mrs	Linsey	Temple	Gloucestershire Training Group Limited
Mr	Harry	Dower	Group Training & Development Ltd (Bodmin)
Mr	Philip	Round	Herefordshire Group Training Association
Mr	Colin	Mills	In-Comm Training Services Ltd (West Midlands)
Mr	Chris	Clarke	ISIS Training Services Limited (Oxfordshire)
Mr	Lee	Weatherly	Midland Group Training Services Ltd (Coventry)
Mr	Frank	Ramsay	NETA Training Trust (Cleveland)
Mr	Stuart	McCord	NLT Training Services (Chesterfield)
Mr	Paul	Musa	North West Training Council (Merseyside)
Mr	Barrie	Cave	Oldham Engineering GTA
Mr	Bob	Hiskey	PETA Ltd (Portsmouth)
Mr	Neil	Bates	Prospects Learning Foundation (Southend)
Mrs	Jill	Nagy	Rochdale Training Association
Mr	John	Whitby	Salford and Trafford Engineering GTA (STEGTA)
Mr	David	Moss	Sandwell Training Association Ltd
Mr	John	Norton	SIGTA Training (Brighton)
Ms	Ann	Cant	South West Durham Training Ltd
Mr	Richard	Heighington	Southampton Engineering Training Association
Mr	Russell M	Prince	Stockport Engineering Training Association
Mr	Lawrence	Whitney	Sunderland Engineering Training Association
Mr	Jim	Teasdale	The Mersey Maritime Group
Mr	Steve	Grant	TTE Technical Training Group (Middlesbrough)
Mr	Steve	Gray	Training 2000 Limited (Blackburn)

b) Non-members of GTA England (still operating as GTAs)

Title	Forename	Surname	Organisation
Ms	Diane	Dale	Avon Vale Training Group (Trowbridge, Wiltshire)
Mr	David	Sanderson	Derwent Training Association (Malton, Yorks.)
Mr	David	Shorten	Eagit (Norwich)
Mr	Eric	Collis	HETA (Hull)
Mr	David	Todhunter	Kirkdale Industrial Training Services (West Yorkshire)
Mr	Alan	Smith	NITAL Training and Development Ltd (Northants)
Ms	Valerie	Fryer	Nottingham Engineering Training Association
Mr	John	Caulkin	NSEGTA (Newcastle-under-Lyme)
Ms	Cathy	Steele	SECAS Training Association Ltd (Sheffield)
Mr	Robin	Price	South Staffordshire Training Association
Mr	Michael	Needham	Tyne North Training Limited
Mr	Andrew	Christodoulou	West Anglia Training Association Ltd (Cambridgeshire)

Note: the information given in this table has been researched as thoroughly as possible in the time available. Please contact GTA England with regard to any necessary corrections.

Appendix 4: County Map of England showing GTAs



Key

- GTA England members
- GTAs, not members of GTA England

