RESEARCH

The Role and Impact of Group Training Associations

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and

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EXECUTIVE SUMMARY

This report explores the roles played by Group Training Associations (GTAs) in the delivery of apprenticeship training and adult workforce development. It considers the different models upon which GTAs are based, how they operate, the nature of their activities, the scale and quality of training undertaken and their effectiveness in meeting employers' training requirements.

Although GTAs have gained prominence in the UK since the 1960s, with their promotion under the 1964 Industry Training Act, their roots can be traced back further, to the immediate post-War period. Thus while many may have ostensibly arisen and grown out of the state-sponsored 'push' towards collaboration in the 1960s, their origins suggest they were in fact founded more in spontaneous collective action on the part of employers. Initially GTAs typically involved small groups of firms in the same industry and based in the same local area, and were set up in response to common difficulties in attracting and training young people. Changes in the structure of local economies, the fortunes of certain sectors and individual businesses, and the provision and funding of training opportunities have, in many instances overtaken the original rationale for setting up GTAs. Nevertheless, many of the original crop of GTAs continue to survive – some are even flourishing – and there are relatively recent, successful examples of GTAs being set up by employers. There are currently an estimated 150-170 GTAs in the UK (150 were identified during the course of this research).

The majority of GTAs in the UK are limited liability companies, just under half of which also have charitable status. GTA membership tends to be geographically specific and is largely based on delivery of apprenticeship training programmes. However, many GTAs provide NVQ and non-accredited training, and offer other services (especially health and safety consultancy), both to members and non-members, often outside their traditional geographical catchment area. In Australia, where the GTA concept operates on a much more widespread basis, apprentices are employed by the GTA itself and there are specific operational guidelines set out to which all GTAs must adhere.

GTAs are not homogenous, but rather represent a 'patchwork quilt' of different types of training provision, varying in sectoral coverage, in the size and nature of their operations, the range of services offered, the basis on which membership fees are charged (if at all), the extent of employer involvement and in their effectiveness. As such they have been classified as follows: Demand-driven ('Strategic'); Demand-driven ('Declining'); and Supply-led. It is acknowledged that this classification can by no means capture the panoply of GTA types, but it is a useful start in terms of assessing relative performance and good practice.

Amongst the 78 GTAs interviewed by telephone, the most common type of occupational training offered was engineering, followed by business administration. These interviews also revealed that, broadly speaking, GTAs

operate more in the north of the UK than the south, with Scotland and the North West most commonly covered.

A key difference between GTAs and other providers is that GTAs have a membership. Amongst GTAs interviewed for this study, fees levied range from zero to £2,250 per annum. Most commonly there is a fixed fee of around £100 per annum, designed primarily to gain the commitment of employers to the GTA and to training rather than generate significant revenues in their own right. Having members is said to add accountability, immediate feedback and a sense of ownership of a GTA. It is said also to encourage members to take a longer term view of training, to get more involved in training and better appreciate the benefits of training. Nevertheless, each of the services provided by GTAs are, in a large majority of cases, available to both members and non-members, albeit that the former usually enjoy a price discount.

Apprenticeship training, through both Foundation Modern Apprenticeships (FMAs) and Advanced Modern Apprenticeships (AMAs) is at the heart of GTA activities. Around two thirds of GTAs provide the full range of apprenticeship training, workforce development and consultancy services. Only a small proportion now offer only apprenticeship training, but interestingly a small number provide nothing more than consultancy services.

Amongst the services offered by GTAs, by far the most important in terms of revenue generation is direct delivery of training. Indeed, two thirds of GTAs stated that they were training more than 80% of their trainees direct. Some GTAs would argue that another defining feature of a GTA is its ability to deliver training direct rather than subcontracting off-the-job training to a college or other provider. Others regard this as rather old fashioned and misguided, believing that where other provision is adequate it should be used, for the benefit of members In order to ensure its adequacy some GTAs have forged strong (even formal) links with local colleges.

GTAs work best where there are skills requirements specific to a particular, relatively homogeneous group of employers. In these circumstances their ability to understand employer requirements and respond flexibly to them sets them apart. Proponents might also argue that the same is true of more generic training, although others might suggest that there is no reason to suppose that GTAs might be better placed than other providers in meeting employers' needs in this respect.

In many instances GTAs appear to be used by their members and clients as external training managers, a resource that employers can call upon as and when they need to and in which they have confidence but whose overhead costs they do not have to carry. Some would argue that without GTAs there would be much less training undertaken, simply because many firms would have neither the time nor the money to source and manage the training they needed, even if they were able to articulate that need, which is often another GTA function. The survey of GTAs supports this assessment.

The sense of ownership of a GTA – which in some cases is actual – is said to be very important to some employers and provides them with the comfort that their training provider is working for them and for the good of their industry/local area rather than for profit.

That said, not all GTAs are employer-led, and even where a majority of Board members/Trustees represent employers that is no guarantee that they will influence the delivery/management of training. Indeed, a telephone survey of GTAs revealed that whilst most GTAs are demand-driven, a significant number are supply-led. Indeed, based on the survey of 78 GTAs it is estimated that around 35% could be regarded as 'supply-led'. The proportion of all trainees with supply-led GTAs was however lower. It also showed that agriculture, forestry and fishing GTAs and construction GTAs offering apprenticeship training and workforce development are more likely to be supply-led, whilst manufacturing GTAs are more likely to be demand-led.

It appears that much more important than Board membership in guiding training delivery are the relationships between GTA training officers and their counterparts in members' companies, and the feedback provided to the former by the latter. Indeed, it is claimed that contact between GTAs and employers is much more regular and meaningful than is the case between colleges/other providers and employers.

Indeed the poor quality of college provision alleged by many GTAs was a recurring theme. Although in some instances GTAs have sought to collaborate with local colleges, the vast majority of GTAs regard colleges as their main competitors. Other than on price, GTAs consider themselves to have a superior offering, especially in their ability to respond to employers' needs quickly and flexibly and to dedicate experienced staff to carry out work-based assessments. Nevertheless, in spite of their misgivings, some GTAs may well be advised to consider forming partnerships with colleges and other providers that will help to spread costs and risks rather than continue to compete in what in some contexts is a shrinking market.

In summary, the main roles/positive attributes of GTAs were considered to be:

- Understanding employers' needs
- Responding to employers' needs
- Providing advice on training whether or not it is to be delivered/managed by the GTA
- Recruiting specific individuals for specific vacancies
- Promoting career opportunities in their sector/locality
- Providing a link between employers and colleges

- Devising customised training packages and assisting employers in the selection of NVQ units
- Providing a link between SSCs/NTOs, LSCs and employers

In particular it is the perceived ability of GTAs to understand and respond to employers' needs, in terms of their skills requirements, matching apprenticeship applicants/devising workforce training packages to meet those requirements and delivering/ensuring the delivery of appropriate training that has guaranteed the continued existence of GTAs.

According to the telephone survey of GTAs, there appear to be three main reasons why their members prefer to use the GTA rather than other providers: it offers training tailored to individual employers' needs; it has a better overall understanding of employers' needs; and it enjoys a higher success rate in achieving qualifications.

Although the survey of employers carried out as part of this research was limited in its size and scope, it revealed a good deal of enthusiasm for the GTA concept and high levels of endorsement of specific GTAs. However, employers struggled to quantify the benefits of GTA membership and furthermore Training Standards Council (TSC)/Adult Learning Inspectorate (ALI) reports indicate that there is n clear and distinct advantage of GTAs over other providers in terms of inspection grades awarded. However, GTAs offering engineering training (and training in business administration and construction, according to Gospel and Foreman) did tend to perform better than other providers and better than GTAs as a whole. In addition, inspection reports flagged up particular weaknesses amongst GTAs in relation to equal opportunities. Interviews with GTAs revealed a wide variety of approaches to equal opportunities, from active promotion to absolute denial.

A suggested way forward for GTAs in the future would be to adopt some or all of the elements of the Australian model of group training. Most significantly, this could involve a GTA employing learners themselves and placing them with host employers. In the course of this research only two examples were uncovered of UK GTAs employing apprentices and they had only done so in rare instances when apprentices had been made redundant. More generally, some of the Australian models provide useful bases from which to derive a definition of a GTA. This, together with recommendations for supporting GTA development, is described in detail in the final section of this report.

1 INTRODUCTION

Background

1.1 The Government has made clear its interest in encouraging collaborative training/learning activities amongst employers, especially SMEs (small & medium-sized enterprises) and owner-managed businesses. In a final statement on the work of the National Skills Task Force ("Opportunity and Skills in the Knowledge-Driven Economy"), the then Secretary of State for Education and Employment set out his intention: "to provide statutory backing for proposals in any sector for collective skills investment…." The statement also posted the intention: "to foster further collaborative action by employers." At the launch of the Final Report of the Skills Task Force, the Secretary of State announced the allocation of £2.5 million to the Employer Learning Network Challenge Fund, designed to encourage innovation and best practice in collaborative working amongst networks of employers.

1.2 In November 2001 the Department for Education and Skills (DfES) commissioned Economic Research Services (ERS) to undertake research that sought to identify and evaluate employer collaboration activities in the delivery of apprenticeship training and adult workforce development. Apprenticeship training covered both Foundation Modern Apprenticeships (FMAs) and Advanced Modern Apprenticeships (AMAs). Workforce development, as defined by the National Training Organisation (NTO) Council is about improving: "the level and application of skills, so as to achieve greater success for individuals and employers, and, ultimately, enhanced sectoral and national competitiveness."

1.3 This report focuses on the main, recognised type of employer collaboration, Group Training Association (GTAs)[1]. It should be acknowledged at the outset that there are other important types of collaboration not covered in this report. These include Chambers of Commerce, Industry Training Boards, large employer groups and supply-chain networks. Most are organised along regional (local) and/or industry bases and vary in the depth and formality of organisation of training.

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[1] According to figures complied by Gospel and Foreman, GTAs accounted for over 60% of the employer group organisations providing training that had been inspected by the Training Standards Council/Adult Learning Inspectorate, as at June 2001.

Aims and Objectives

1.4 Although GTAs have gained prominence in the UK since the 1960s, with their promotion under the 1964 Industry Training Act, their roots can be traced back further, to the immediate post-War period. Thus while many may have ostensibly arisen and grown out of the state-sponsored ‘push’ towards collaboration in the 1960s, their origins suggest they were in fact founded more in spontaneous collective action on the part of employers. Whatever their origins etc., relatively little is known about them, their numbers, their role or their impact. Hence, the main aims of this research were to provide baseline descriptive information on GTAs and to assess their impact and status.

1.5 In respect of its main objectives, this report marks the first opportunity to consider in detail the different models upon which Group Training Associations (GTAs) are based, how they operate, how effective they are at delivering good quality training, the volumes in which they train, how they are perceived by member companies and how they might assist government in achieving its ambitions in respect of apprenticeship training and adult workforce development.

1.6 More specifically, the research sought to explore whether the potential positive outcomes from collaborative training were actually being achieved. These potential positive outcomes included:

- Higher volumes of training than might otherwise occur (be it numbers of trainees, amount of training per trainee or numbers of employers providing training).
- Higher quality/more relevant training than might otherwise occur.
- Reduced costs of training to individual employers through economies of scale and shared overheads.
- Ease of access to training, due to the presence of an established and credible provider.
- A greater commitment to training, as part of a broader grouping with common interests in skills development.

Methodology

1.7 The methodology adopted in this research divided between the following elements:

- Desk research - A literature search on cluster development
  - A review of literature relating to GTAs
- Identification of GTAs -Through DfES records, and enquiries of external organisations/individuals.
  - Direct by ERS

- Evaluation of GTAs
    - In depth face-to-face interviews with GTAs and GTA co-ordinating bodies
    - Telephone survey of GTAs
    - Review of TSC/ALI Inspection Reports
    - In depth face-to-face interviews with NTOs, LSC local offices and other bodies
    - Telephone survey of employers

1.8 Ongoing interest in the nature, form and function of collaborative activity has been explored through national and international research projects. In order to determine whether/to what extent GTAs may have a role in supporting cluster development, a number of research reports and policy documents were reviewed. These have been summarised in Appendix 1, with key findings reported in Sections 4 and 5.

1.9 In advance of the research contract being let, DfES contacted each of the 73 National Training Organisations (NTOs) in order to obtain lists of GTAs and other employer collaborations. Replies were received from 27 NTOs, the majority of whom were unable to provide any lists or simply unaware of GTAs operating within their sector.

1.10 The overwhelming majority of the total number of GTAs in respect of which details were provided came from EMTA (the Engineering and Marine Training Authority), with lists also supplied by the Seafish Training and Standards NTO and the Motor Industries Training Council. In addition, the Confederation of Group Training Associations (COGS) provided details of its member GTAs and other GTAs of which it was aware.

1.11 Exhaustive efforts were undertaken to supplement the lists of GTAs by contacting each of the Regional Development Agencies, regional chambers of commerce, regional offices of the CBI and Federation of Small Businesses, LSC local offices and other DFES contractors who might have come across examples of GTAs or other such employer collaborations. In addition, each of the GTAs visited was asked to identify other GTAs of which they were aware. In spite of these efforts, only two additional examples came to light.

1.12 The lists of GTAs provided were reviewed in order to identify prospective interviewees on the basis of the following:

- Focus of collaboration (by location and/or sector);
- Focus of collaboration (by training/learning activity);
- Number of employers involved; and
- Types of employers involved (by size and sector).

1.13 The main topics of discussion within face-to-face interviews were as follows:

- Focus of membership;
- Funding strategies;
- Training undertaken; and
- Delivery/management of training.

1.14 Detailed telephone interviews were conducted with 78 GTAs, 18 of which provided additional information in the form of a fact sheet. This survey of GTAs aimed to gather quantitative data on the nature and scale of GTA activities to complement the qualitative evidence from face-to-face interviews.

1.15 Training Standard Council (TSC) and Adult Learning Inspectorate (ALI) reports on GTAs were reviewed to try to determine whether the standards being achieved by GTAs were at an acceptable level, to gauge numbers of trainees with GTAs and other providers and to compare the performances of GTAs with other providers.

1.16 In order to facilitate the telephone survey of employers, ERS contacted each of the GTAs in respect of which it had details, to request lists of members/users. Only 8 GTAs were able/willing to provide such lists, limiting the number and range of employers that could be surveyed. It is clearly not possible to judge whether or not the 71 employers surveyed were representative either of members of GTAs or businesses more generally.

1.17 This report is presented in the following sections:

Section 2 -	outlines the history and evolution of GTAs in the UK, describes membership arrangements and details the activities of GTAs.
Section 3 -	describes a suggested typology of GTAs based on the evidence from the survey and discussions.
Section 4 -	assesses the impact of GTAs, including and the extent to which they are helping to meet employers' training needs.
Section 5 -	seeks to establish the defining characteristics of a GTA and recommends how GTAs so defined might be supported by government, in order to promote employer-led apprenticeship training and workforce development.

Appendix 1 -	reviews a number of research reports and policy documents relating to business clusters.
Appendix 2 -	explores the support available for GTAs/GTA activities through Regional Development Agencies and the Learning and Skills Council.
Appendix 3 -	lists GTAs identified in the course of this research.
Appendix 4 -	sets out the results of the telephone survey of employers.
Appendix 5 -	differentiates the types of training provided by GTAs.
Appendix 6 -	sets out the quantitative results of the telephone discussions with GTAs.
Appendix 7 -	describes Australian Group Training Companies
Appendix 8 -	provides a list of references.

Acknowledgements

1.18 The assistance provided by COGS and the NTOs in helping identify GTAs is much appreciated. The assistance of GTAs in supplying information on their members/users is also much appreciated.

1.19 In addition, valuable contributions were made by those who consented to face-to-face and telephone interviews, including COGS, National Training Federation (NTF), GTAs, NTOs, LSC local offices and other bodies.

1.20 The management of this research by DfES staff has required significant contributions of time and effort and the support and encouragement of DfES staff has been gratefully received.

2 GTAS IN THE UK

History

2.1 While the roots of GTAs can be traced back to the immediate post-War period, it is the Industrial Training Act of 1964 that is often credited with having given rise to the formation or expansion of a large number of GTAs. The Act imposed a training levy, equivalent to 0.9% of the gross payroll of employers, with three quarters of this levy reimbursed to businesses that trained. According to some of those interviewed in the course of this research, this encouraged some local businesses/sector groupings to establish GTAs as a cost-effective means of training which also enabled them to reclaim three quarters of the training levy.

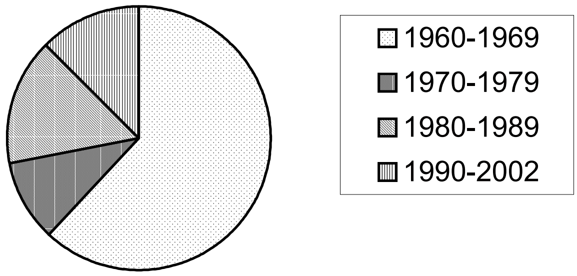
2.2 The Industrial Training Act established the Industrial Training Boards, the largest of which was the Engineering Industries Training Board (EITB), which covered around 3½ million people employed in engineering. The EITB recognised that there was a dearth of apprentice training facilities. It believed that there was a need for something over and above the college training centres that were available if its target of 25,000 successful apprenticeship completions each year (equating to there being between 100,000 and 125,000 apprentices at any one time) was to be met.

2.3 The EITB therefore decided to create around 40 GTAs and subsequently built and equipped premises for each of them. These were rented to GTAs by the EITB, with an obligation on the latter to update the equipment. By the mid 1980s it had become clear that they could not afford to do so, and contracts were cancelled as a result of which ownership of the equipment was passed onto the GTAs, who were reimbursed rent they had paid and the buildings were sold to them at a discounted price. Responsibility for updating equipment then passed to the GTAs, which in some cases has resulted in inadequate updates due to the prohibitive cost of acquiring state of the art machinery.

2.4 A number of GTAs were also set up under the former Road Transport Industry Training Board (RTIB), which when the RTIB disbanded went various ways with some becoming private entities.

2.5 A telephone survey of 78 GTAs carried out as part of this study revealed that more than half (56%) of GTAs were established in the 1960s, and although evident in much smaller numbers, GTA start-ups continued throughout the 1970s, ‘80s and ‘90s. The most recently formed GTA amongst those interviewed as part of this research was established in the latter part of 2000, although its formation had been under discussion since 1992.

Figure 2.1: Period in which GTA was estabilished



N=71

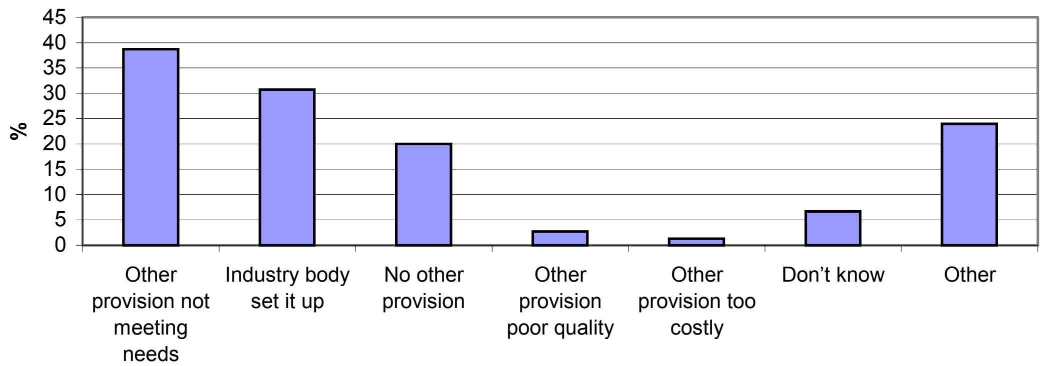
2.6 Amongst the 47 GTAs offering training in engineering, 44 were able to specify their date of establishment. Of these, 34 (77%) were set up in the 1960s. Of the 8 GTAs offering training in agriculture, forestry and fisheries, 6 were set up after 1980.

2.7 Amongst the 78 GTAs interviewed by telephone, by far the most popular reasons quoted as to why they were set up were:

- that other provision was failing to meet employers' needs;
- that the GTA was set up by an industry body (most commonly the Engineering Industries Training Board); and
- that there was no other training provision locally.

Amongst those citing an absence of other provision, two-thirds were established during the 1960s. In a number of instances GTAs quoted more than one reason, see Figure 2.2. 'Other' reasons for establishment included: as a response to the introduction of a training levy on employers; to provide a central contact point for employers; and due to changes within a particular industry. Broadly, these reasons for establishment can be divided between demand-driven (e.g. to meet employers' needs) and supply driven (e.g. set up by an industry body), a distinction that is explored further later in this report.

Figure 2.2: Reason for Establishment



N=93

> One GTA was established in 1988 by a group of engineering employers in a local area who wanted better quality and more flexible training than that which was being offered by local colleges. The membership has grown from 10 to approximately 30 engineering organisations. In addition training has been provided to another 25 companies on an ad hoc basis.

2.8 It is particularly interesting to note that 20% of respondents cited that there was no other provision, contrasting markedly with the survey finding (Table 4.4) that 93% of GTAs now compete with local colleges.

2.9 Somewhat counter-intuitively, those GTAs, which were set up because other provision was not directly meeting employer needs, offer training in the widest range of occupational sectors.

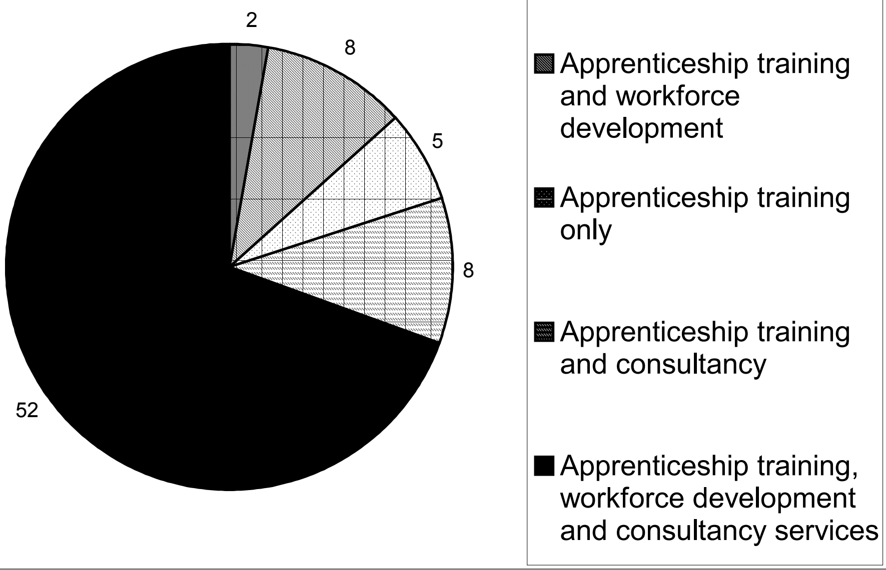
2.10 Amongst those GTAs set up during the 1960s, the largest number were set up by an industry body (41%). Amongst those GTAs set up since 1990 the majority (55%) were set up because other provision was not directly meeting employers' needs.

2.11 A majority of the GTAs interviewed face-to-face, predominantly those that were traditionally engineering-based, appear to be following a common lifecycle. Given the decline in their sector's fortunes and in order to remain viable, they have first extended the range of services to their core membership and then extended their membership outside their core. Finally, they are merging/considering merging with other GTAs or other training providers in order to sustain or achieve a critical mass of operations (which varies according to the amount of training delivered direct and the facilities/equipment required). In two instances this was being encouraged by LSC local offices, in order for the LSC to reduce the number of organisations with which it has contracts, with GTAs themselves concerned about their ability to administer LSC contracts. In three other cases it was apparent that the Chief Executives of GTAs are nearing retirement and believe a merger with another body to be timely.

2.12 Regarding the current range of training and services offered by GTAs, Figure 2.3 shows that around two-thirds provide a mixture of apprenticeship training, workforce development and consultancy services. Only a small proportion now offer only apprenticeship training, but interestingly a couple say they provide nothing more than consultancy services (a question then arises as to their eligibility to be called GTAs).

2.13 In order to gauge the relative extent and/or value of GTAs' various activities, attempts were made to apply weightings, such as income generated, to these services but insufficient information was forthcoming from GTAs to enable this to be done.

Figure 2.3: Current Services provided by GTAs

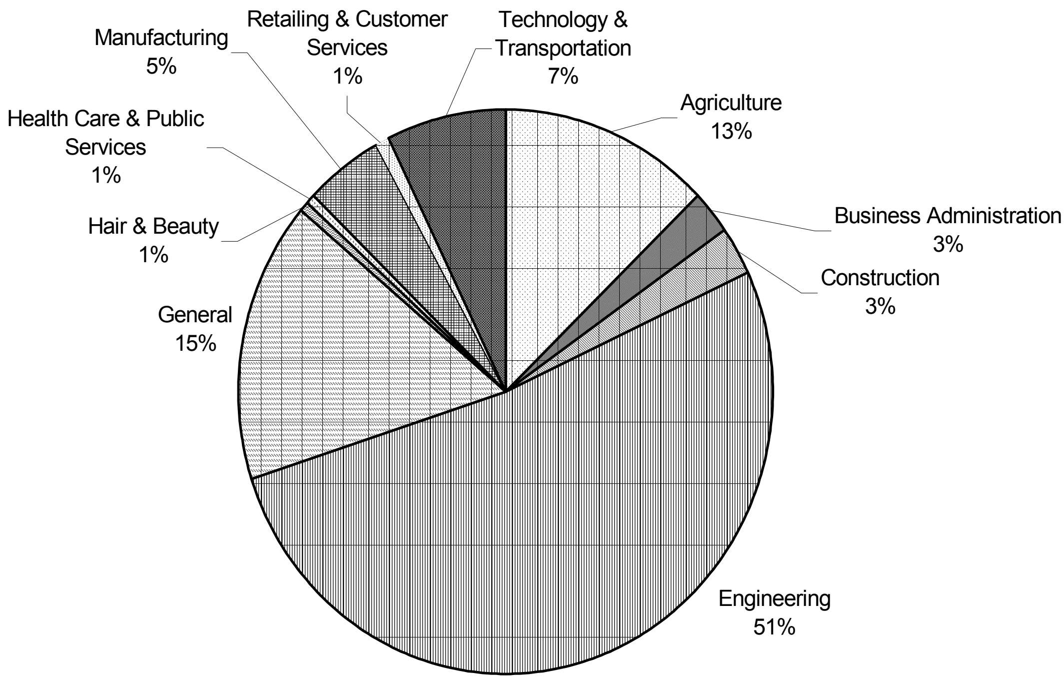


N=75

Sectoral and Geographical Coverage of GTAs

2.14 The sectoral and geographical analysis presented in Figure 2.4 below is based on 150 GTAs identified and collated during the course of this research, based on lists of GTAs and other training providers provided principally by COGS and NTOs, and lists of GTAs and other providers inspected by the TSC and ALI.

Figure 2.4: Sectoral coverage of GTAs



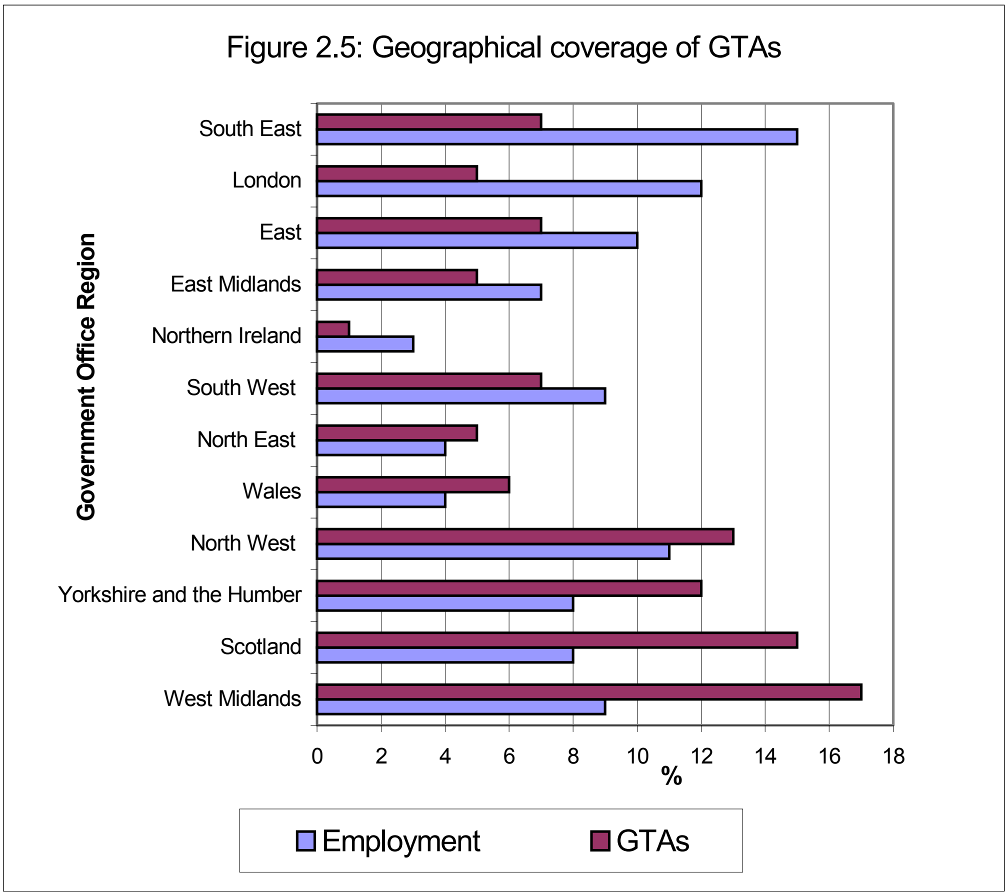
N=78

2.15 A sectoral analysis was undertaken based on information in TSC/ALI reports on occupational sectors covered, on information provided in a telephone survey of GTAs and sectoral classifications of GTAs by NTOs. This revealed that the largest number of GTAs operate in the engineering sector, with the second largest offering general training services to businesses from a broad range of sectors, although a number of these GTAs have their roots in engineering and have diversified over a period of time. The only other sectors within which there are a significant number of GTAs are Agriculture, Forestry & Fishing and Technology & Transportation.

2.16 Comparison with other data and anecdotal evidence suggests Figure 2.4 probably under-represents the Construction sector, in which GTAs tend to be less formalised and employ fewer staff and are as a consequence difficult to identify and survey.

Geographical Distribution of GTAs

2.17 The highest concentration of GTAs is in the West Midlands, where one in six (16.7%) GTAs are to be found, see Figure 2.5. Scotland too houses a large number of GTAs (14.7%). In contrast, GTAs are thin on the ground in the East Midlands (4.7%) and especially in Northern Ireland (0.7%).



2.18 Figure 2.5 compares the distribution of GTAs with the distribution of employment across each of the government office regions in England, as well as Northern Ireland, Scotland and Wales. The regions whose share of GTAs exceeds their share of employment by the biggest margin are the West Midlands (+7.8%) and Scotland (+6.3%). The regions whose share of GTAs is lower than their share of employment by the biggest margin are the South East (-7.4%) and London (-7.0%).

2.19 This analysis reveals that, broadly speaking, GTAs operate more in the north of the UK than the south. This may reflect the heritage of GTAs in being largely manufacturing-based and therefore their geographical coverage reflecting the distribution of manufacturing around the country. However, the analysis is based purely on numbers of GTAs and not their size in terms of membership or numbers of trainees.

2.20 Of the 78 GTAs surveyed, 2 were unable to distinguish between services provided within or outside their core region. Amongst the other 76, 73 provide apprenticeship training (94%), all of them within their core region. In addition, all of the 28 GTAs providing services outside their core region offer apprenticeship training. In this respect, it should be remembered that GTAs tend to have relationships with local LSC offices rather than RDAs or regional government offices and to that extent do not recognise regional boundaries.

2.21 Of the 18 GTAs which returned fact sheets 16 were able to estimate what proportion of their employer members/trainees are located in their home region/country. Unsurprisingly, this confirmed that most GTAs draw a high proportion of their members and trainees from their home region/country. Nevertheless, one GTA draws more than 60% of its membership/trainees from outside its core region.

GTA coverage by Sector and location

2.22 A more detailed analysis of the 150 GTAs identified, by sector and location reveals the following key findings, see Table 2.1:

- Scotland and the West Midlands account for 26 of the 78 Engineering GTAs (33.3%)
- 7 of the 19 agriculture GTAs (36.8%) are in Scotland
- Engineering GTAs account for at least half of all GTAs in the North East, North West, South East, South West, Wales, West Midlands and Yorkshire & Humber.

Table 2.1: Sectoral/Geographical Coverage of GTAs											
GO Region / Country	Agriculture	Business Administration	Construction	Engineering	General	Hair & Beauty	Health Care & Public Services	Manufacturing	Retailing & Customer Services	Technology & Transportation	Total
East	1	0	2	4	1	0	0	0	0	2	10
East Midlands	0	0	0	3	1	0	0	1	0	2	7
London	1	0	1	2	2	0	0	1	0	1	8
North East	1	0	0	6	1	0	0	0	0	0	8
North West	2	0	0	10	7	0	0	1	0	0	20
N. Ireland	1	0	0	0	0	0	0	0	0	0	1
Scotland	7	0	0	13	1	0	0	0	0	1	22
South East	0	2	0	7	0	1	0	1	0	0	11
South West	1	0	0	6	1	0	0	0	1	2	11
Wales	1	0	0	5	2	0	0	0	0	1	9
West Midlands	2	2	0	13	6	0	1	1	0	0	25
Yorks. & Humber	2	0	1	9	2	0	0	2	0	2	18
Total	19	4	4	78	24	1	1	7	1	11	150

Constitution

2.23 It is thought that originally GTAs would not have had any legal status, operating as voluntary groups with members paying subscriptions. Today, GTAs are most commonly limited liability companies, accounting for 55% of those interviewed by telephone as part of this research. Of these, just under half (46%) also hold charitable status. In addition, a further 21% are registered charities but not limited liability companies. Other GTAs include subsidiaries of larger bodies and one which remains unincorporated.

> One GTA was established in 1965 to attract young people into engineering and assist smaller firms by providing a mechanism for transferring trainees between businesses in order to give them the breadth of knowledge they required, deciding amongst themselves what constituted acceptable standards of competence. It remains an Association and has four Trustees, drawn from the membership/GTA

2.24 The advantages of being a registered charity include reduced business rates, reduced Corporation Tax and an ability to acquire certain products (such as software) at favourable rates. However, having charitable status is reported to have caused difficulties for some GTAs, in imposing restrictions on their activities (especially attempts to launch new commercial ventures) and giving a false impression, as many customers are said to associate charities (however unfairly) with being part-time, voluntary and unprofessional. This also extended to influencing staff attitudes, in suggesting to them that as a charity a commercial approach to operating was not appropriate. To a large extent these are issues of perception rather than actual impediments, but can be just as restricting. In addition, from the membership must come trustees and around one fifth of the GTAs interviewed reported vacancies and/or concerns about their ability to fill vacancies for Trustees that will arise in the near future.

In order to get round restrictions on charities earning income from consultancy services, one GTA established a separate consultancy company.

Another GTA set up a subsidiary to offer a range of non-government funded training to meet the needs of employers and also to provide a profit stream for the GTA. The subsidiary has a deed of covenant so that if it makes any profit, this is reinvested in the Charity.

2.25 Most GTAs are run by either a board/executive committee or in some cases have a two-tier management, with an executive committee from which board members are drawn.

2.26 Taking the responses of the 18 GTAs which completed and returned fact sheets, the average Board would be made up of 7 people, 5 of them businesspeople.

2.27 The primary concern of GTA boards/executive committees appears to relate to the operation of the GTA (and in particular its commercial viability) rather than seeking to provide an input into what sort of training is offered and how it is delivered. Their role therefore is based on their responsibilities as Directors rather than their requirements as customers. Nevertheless, it would appear that this tie in with the GTA makes employers more likely to provide comments about training at other times and gives the GTA a sounding board when it needs one, as a result of which those benefiting from employers' contributions tend to pay more attention to their needs rather than promote off-the-shelf training packages.

Representation

2.28 GTAs in the UK are represented by two national bodies, the Confederation of Group Training Schemes (COGS) and the National Training Federation (NTF), with the former linked to National Training Resources Ltd (NTRL). Discussions are underway involving COGS, NTF and the Association of Learning Providers (ALP) with a view to exploring a possible merger.

2.29 NTRL was established because of a perceived need to provide a link between government and training providers. It acts as a two way channel of communication, runs workshops and conferences, makes representations to government, provides advice to providers and networks training contracts. It has also been asked to advise on the practicalities of setting up GTAs by training providers/groups of employers.

2.30 NTRL reports being asked by a number of GTAs to develop a business plan for a co-ordinating body. This led to the formation of COGS. The performance of its functions are contracted to NTRL. COGS has about 40 GTA members in England & Wales and around a dozen associate GTA members in Scotland. There are active attempts to recruit new members, and COGS is aware of around 180 GTAs. Its activities are overseen by a 12 member council, elected by GTA members.

2.31 Members of COGS seem to prefer its engineering focus to the broader approach adopted by the NTF, although several of those interviewed were sceptical of whether some other members are genuine GTAs. Admission to membership is based on the recommendation of the Chief Executive, ratified by the Board. According to several of its members who were interviewed, COGS was believed to have done a good job in maintaining the profile of GTAs and the issues that they face.

2.32 NTF is more than 10 times the size of COGS in terms of membership and covers a much wider range of sectors. It was constituted nearly 12 years ago following the amalgamation of three national training groups. At that time NTF had around 150 members and it now has more than 500. NTF represents a variety of organisations, including GTAs, colleges and private providers, although it makes no distinction between them. Their GTA members are mainly in construction[2], engineering or motor trades and tend to be the older GTAs. Some GTAs are members of both COGS and NTF.

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[2] Supporting the suggestion that the Construction sector is under-represented in Figure 2.4

Activities

2.33 GTAs, like other training providers, rely heavily on management fees associated with the administration of mainstream government training programmes, although several face-to-face interviewees pointed to recent examples of GTA failures serving as a warning to those that become too reliant on mainstream programmes. Almost all GTAs have developed other commercial activities in order to generate additional income from members, but principally to generate income from non-members. In some respects this might be viewed as a dilution of the original aims of GTAs, although a counter-argument might be that these commercial realities are having to be faced in order to sustain the training activities for which the GTA was established.

2.34 Based on the 18 data sheets completed, in almost all cases each of the types of training offered by GTAs is available equally to members and non-members, although there are a few GTAs that restrict certain types of training to members (and in one case to non-members). The least common type of training offered was in equal opportunities, provided by just under half of respondents.

2.35 Amongst the GTAs interviewed by telephone, the most common type of occupational training offered was engineering (76%), followed by business administration (43%). One third of these GTAs (32%) only provide one type of occupational training, with the balance offering training in respect of more than one occupational type.

2.36 Each of the services provided by GTAs are, in a large majority of cases, available to both members and non-members, albeit that the former usually enjoy a price discount. Nevertheless, some GTAs restrict some services to their members, whilst others provide certain services exclusively to non-members. ‘Other’ services referred to in the table below include risk assessments, outward bound courses and advice on grant availability.

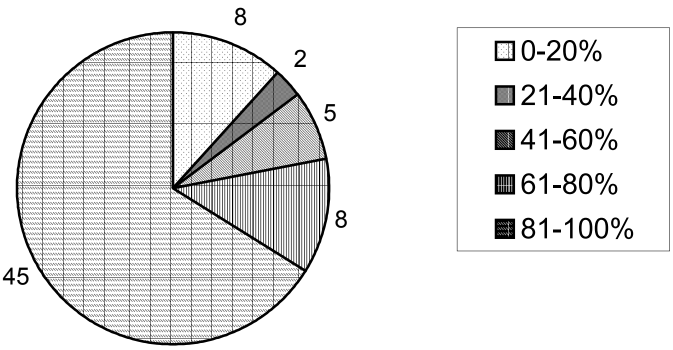
Table 2.2: Services Provided by GTAs				
Services	Members and non-members	Members only	Non-members only	
	%	%	%	N
Direct delivery of training	75.7	12.2	12.2	74
Advice to employers on training	80.8	9.6	9.6	73
Health and safety consultancy services	75.0	12.5	12.5	72
Training needs analysis for employers	80.3	11.3	8.5	71
Recruitment of trainees	72.5	15.9	11.6	69
Careers advice and guidance to trainees	75.8	13.6	10.6	66
Managing training provided by third parties	71.2	16.7	12.1	66
Placing trainees in employment (directly)	76.2	12.7	11.1	63
Pastoral advice to trainees	80.4	8.9	10.7	56
Other consultancy services e.g. management	78.7	6.4	14.9	47
Placing trainees in jobs (through agencies)	64.7	5.9	29.4	17
Other	79.2	12.5	8.3	24

(N= Number of GTAs providing each service)

2.37 Although GTAs were unable to offer detailed information about the relative importance of their services in generating income, they were able to identify the single most important income stream. Amongst the services offered by GTAs, by far the most important in terms of revenue generation is direct delivery of training, cited by 62% of respondents. A further 11% of GTAs said that managing training delivered by third parties was their primary source of income, with 14% citing health and safety consultancy and 7% other consultancy services.

2.38 In the majority of cases (66%) GTAs stated that they were training more than 80% of their trainees (apprentices and other trainees) direct. Only 12% said they were training 20% or less of their trainees direct.

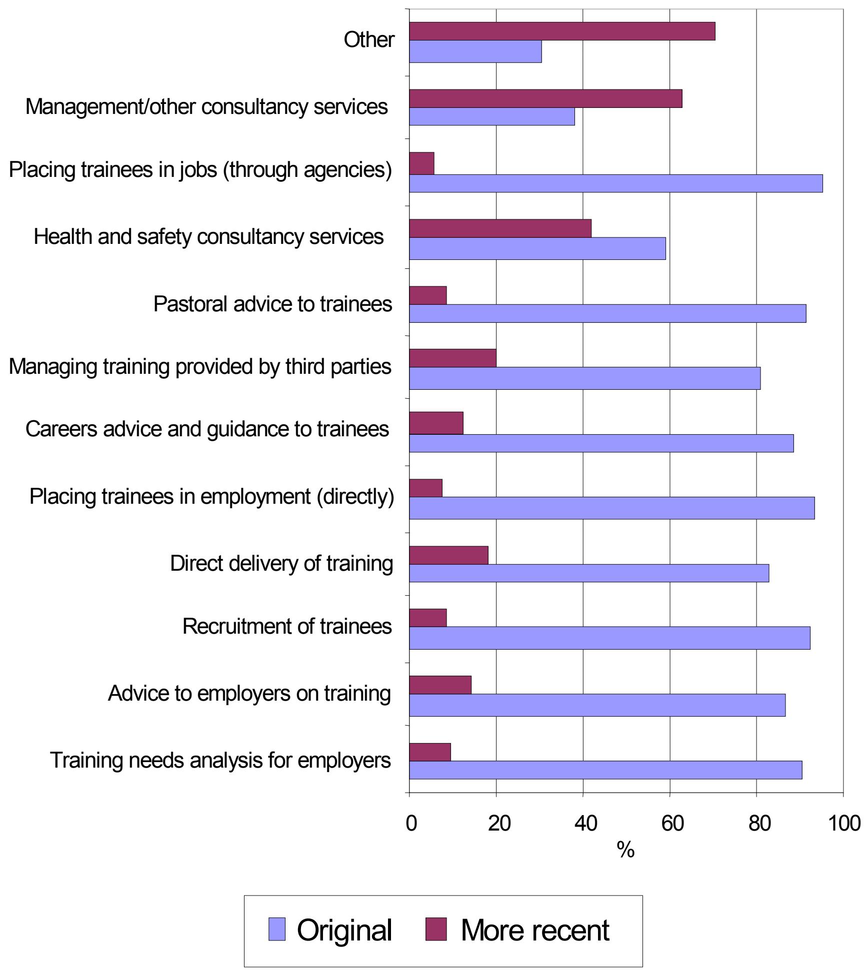
Figure 2.6: Percentage of trainees trained directly by GTA



N=68

2.39 Most of the services offered by GTAs have been offered since the GTA was established. For example, of the 69 GTAs that recruit trainees, 60 were able to say whether this was an original service or more recent innovation. Of these, 92% have always recruited trainees and only 8% have introduced this service more recently. However, in respect of management and other consultancy services, of the 47 GTAs that provide such services only 38% have always offered them, whilst 62% introduced them more recently, see Figure 2.7.

Figure 2.7: Timing of Introduction of Services



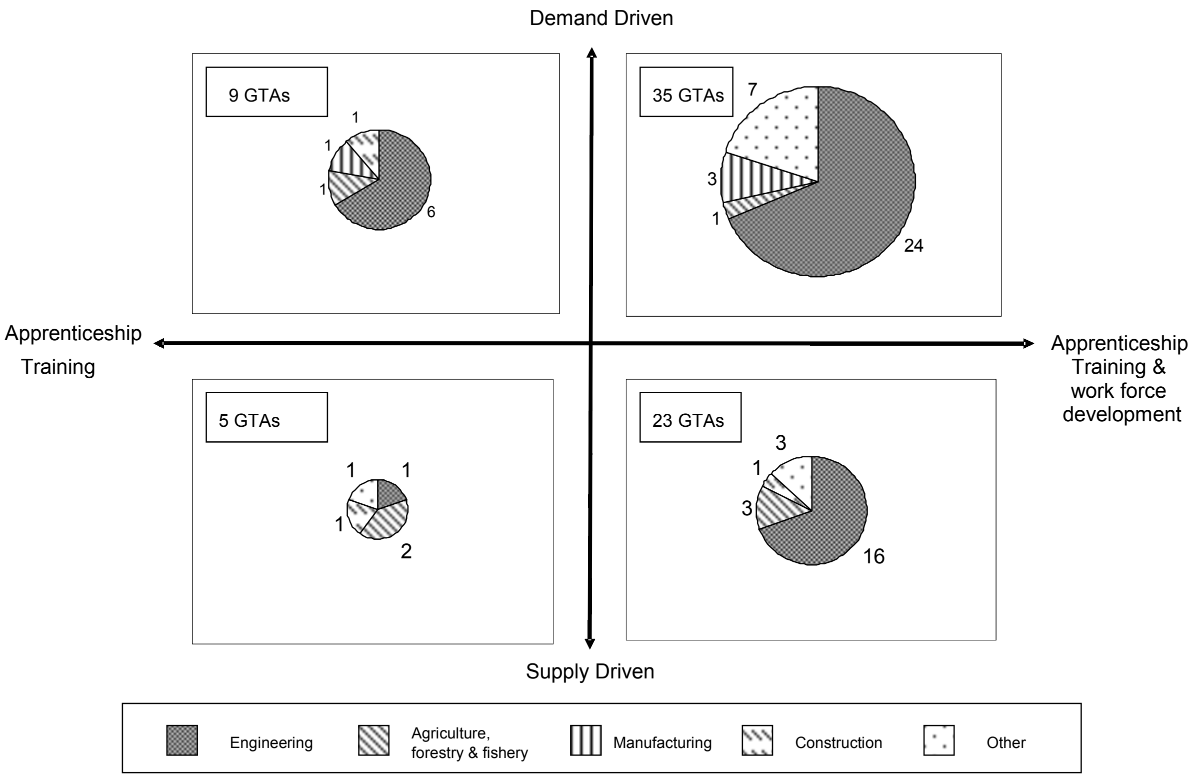
N=10-65

2.40 The introduction of new services had been instigated by GTA staff in 44% of cases, seemingly in response to a need to generate more revenue. In only around a quarter of cases (23%) was it requested by employers i.e. demand-driven. Indeed, by their own admission, GTAs have sought to introduce new services in order to arrest decline/grow, and to that extent their focus has been on income generation rather than meeting employers' needs per se. Other important reasons for introducing new services included: in response to new legislation; and to enable the GTA to diversify. However, the introduction of new services relates largely to the consultancy services rather than training and should not obscure the fact that in many cases GTAs were established on the basis of meeting employers' training needs and that direct training of apprentices is the main focus of their operations.

Demand and Supply-driven GTAs

2.41 Earlier in this section (paragraph 2.7) it was suggested that there was a dichotomy between GTAs that are demand-driven and those that are supply-driven. This distinction is analysed more closely here, in terms of the range of training and other services provided by GTAs. Figure 2.8 divides GTAs either side of the vertical line dependent on whether they offer apprenticeship training or also provide workforce development, and also illustrates the extent to which GTAs are demand or supply driven. Within each of these quartiles numbers of GTAs are broken down according to the principal occupational sector in respect of which they offer training. The allocations of GTAs to each quartile is based on information gathered during telephone interviews with GTAs. The main criterion for judging whether a GTA was demand or supply-led was whether or not it had a membership, with consideration also given to the basis on which it identified employers' training needs and its motivation for introducing new services.

Figure 2.8 Demand vs. Supply driven GTAs: analysis by number of GTAs

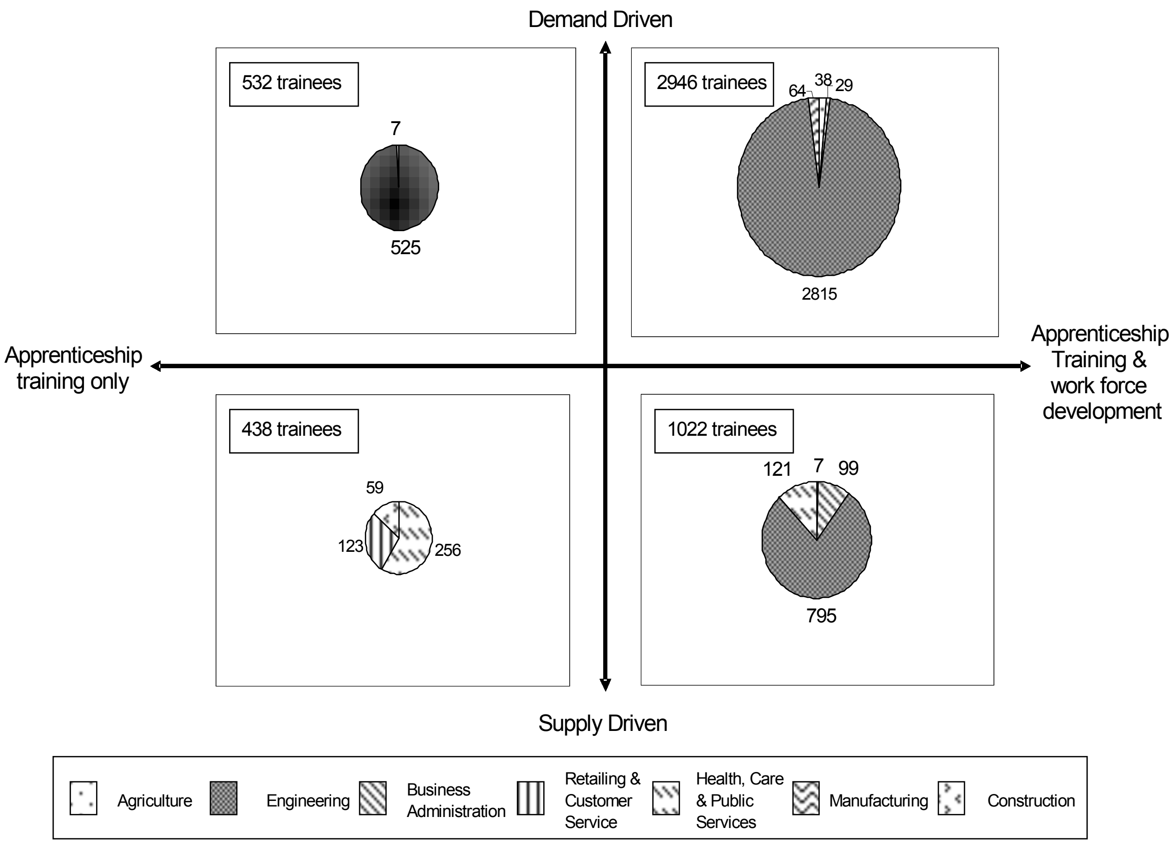


N=72

2.42 This analysis shows that whilst the largest number of GTAs offer both apprenticeship training and workforce development and are demand-driven, a significant number are judged to be supply-driven.

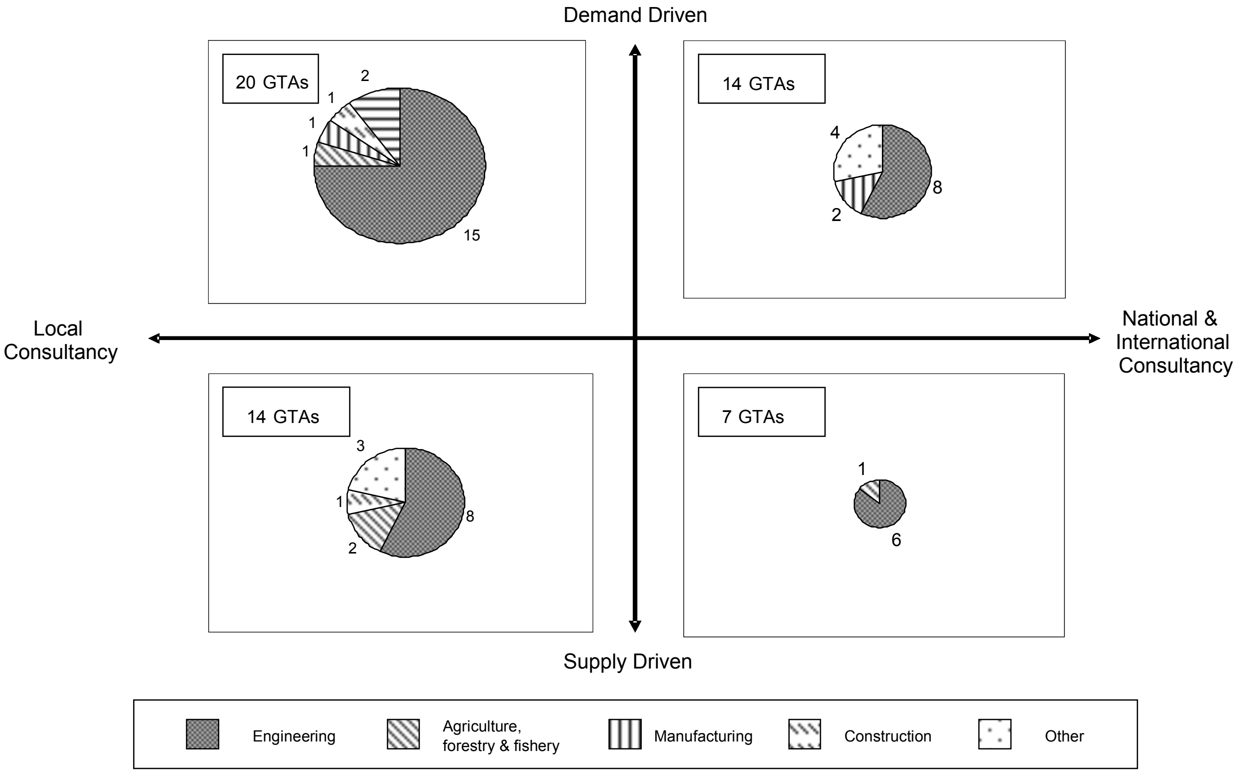
2.43 Figure 2.9 follows the same methodology as Figure 2.8 but relates to the number of trainees rather than the number of GTAs. On this basis it can be seen that the gap between demand-driven training and supply-driven training is much greater than the previous figure would suggest. Figure 2.9 also demonstrates the extent to which engineering dominates in terms of trainee numbers and shows that engineering trainees are with GTAs that are predominantly demand-driven.

Figure 2.9 Demand vs. Supply driven GTAs: analysis by number of trainees



2.44 Figure 2.10 follows the same methodology once again, but relates to the provision of consultancy services rather than training. It should be noted however that the demand/supply split is based on the overall characteristics of the GTA rather than whether the provision of consultancy services specifically was demand or supply-led. It shows that GTAs are much more likely to provide consultancy services within their local area than outside it.

Figure 2.10: Demand vs. Supply-driven GTAs - Analysis of consultancy services, by number of GTAs



Identification of training needs, benchmarking and training provided

2.45 GTAs appear to identify the training needs of their members though a combination of methods, see Table 2.3, although not all of those who said that they conducted training needs analyses were able to be specific about how they went about doing so. Most commonly (55% of cases) the GTA itself plays a role in determining need, and in 52% of cases GTAs survey employers to detect their training needs. These two methods are also the single most important/second most important means of identifying training needs, as cited by 22% and 20% of respondents respectively. However, this assessment ought to be qualified in the sense that training needs being identified by GTA staff might not necessarily be deemed to be supply-led if based on consultations with employers and after consideration of their needs. ‘Other’ methods of identifying training needs include regular contact with members, holding joint discussions and through contact with employees/trainees.

Table 2.3: Method by which Training Needs are Identified	
Method	Percent (N=51)
GTA determine	54.7
Employer surveys	52.0
As and when a skills gap becomes apparent	36.0
By reference to training, HR or business plan	24.0
Following introduction of new legislation	17.3
When employers introduce new equipment/products/ways of working	9.3
When skilled workers leave/new workers recruited	8.0
By reference to benchmarking/best practice	2.7
Other	38.7

2.46 Around 92% of GTAs claim that they benchmark their activities, most commonly against independent standards (43%), but also against other providers (31%) and industry standards (24%). However, as Table 2.3 shows, a mere 3% utilise benchmarking in identifying employer needs. This would appear to suggest that GTAs benchmark themselves against other providers in terms of trainee numbers, qualifications achieved, inspection grades etc. but when it comes to identifying training needs, focus on their own client group rather than draw lessons from how other providers go about their business.

2.47 Whilst some GTAs focus on a single sector, that does not restrict them to offering a narrow range of training. Indeed, rather than broaden their membership base, some GTAs have opted to extend the types of training offered to existing members beyond apprenticeship training. Indeed, Gospel and Foreman estimate, based on their analysis of TSC/ALI inspection reports, that employer group training organisations i.e. all recognised employer collaborations including GTAs, provided non-apprenticeship training to 17% of all those in receipt of such training[3], with this percentage rising to as high as 73% in the leisure, sport and travel sector; 35% in manufacturing; and 26% in engineering.

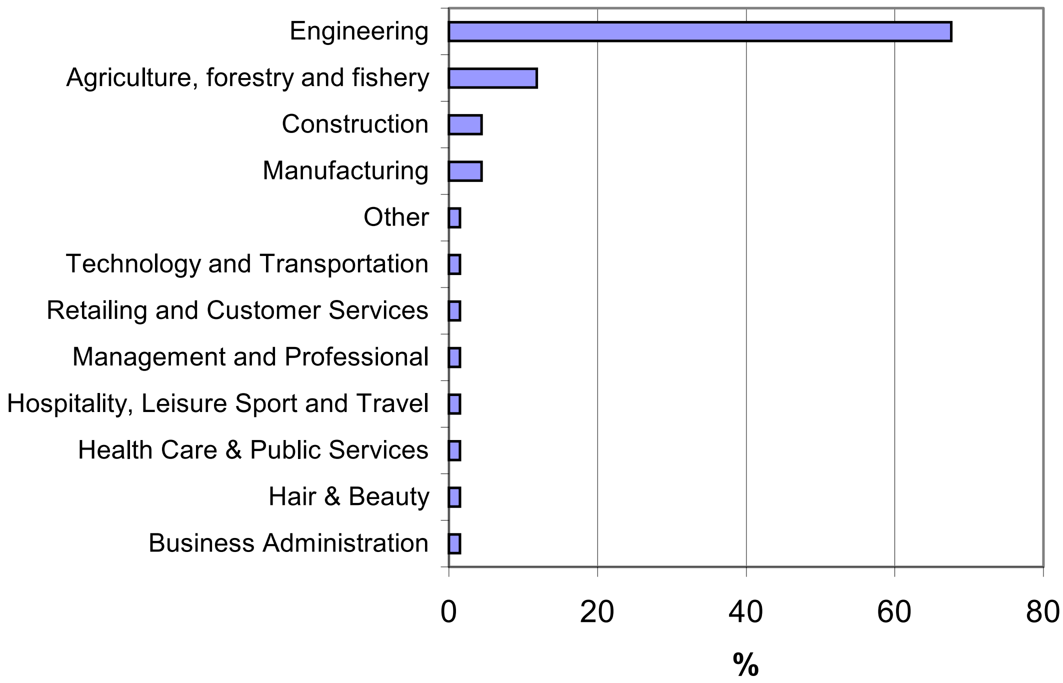
2.48 This 'diversification' into other types of training has not however met with success in all instances, with some GTAs reporting failed attempts to offer certain types of training, having discovered there to be very little margin in delivering some training programmes, which they attribute to the modest levels of government funding in some instances and competition from other providers. Looked at another way, GTAs appear capable of achieving better margins in their core training areas, presumably due to a combination of being able to charge higher prices for a good quality

[3] Of all trainees with providers inspected up to June 2001.

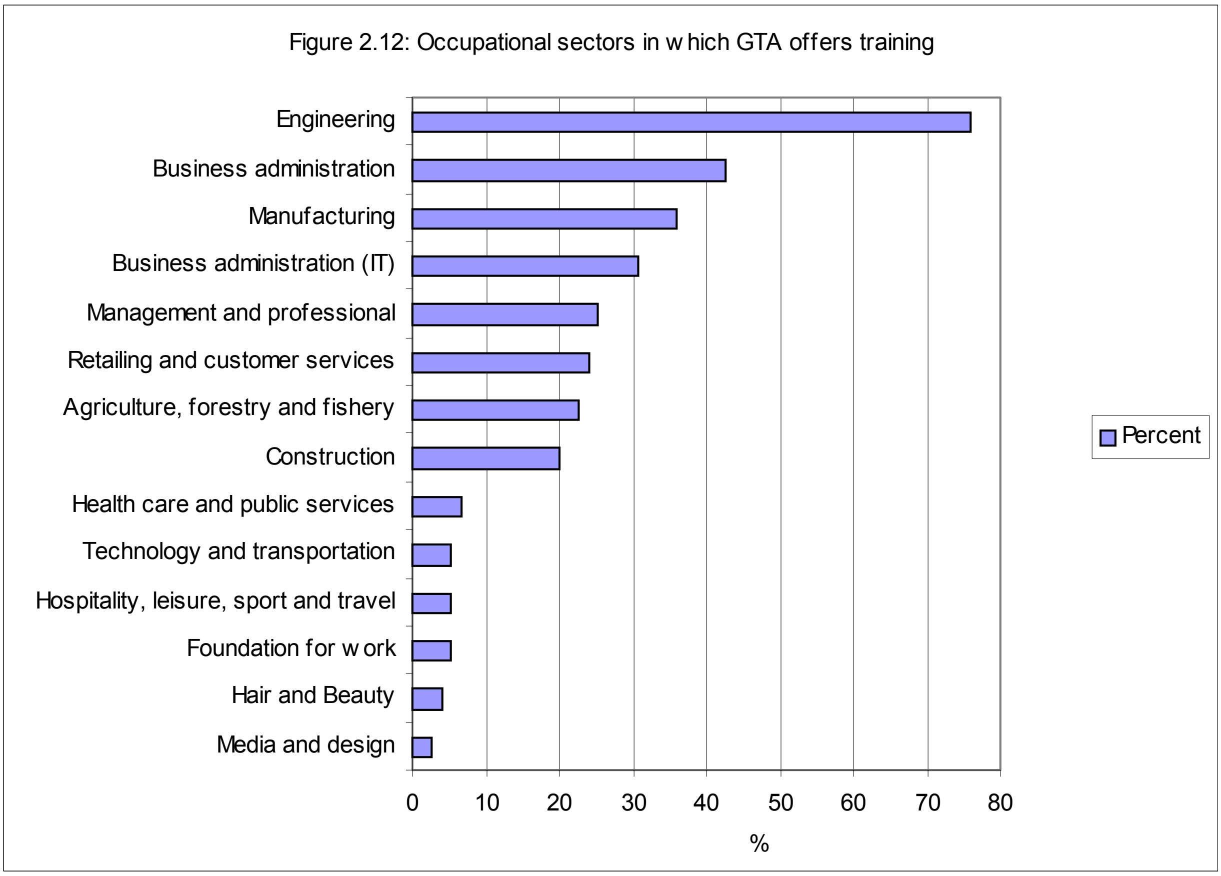
service and/or being better able to control costs.

2.49 The dominance of engineering is even more pronounced in terms of the most popular type of occupational training offered by each of the GTAs interviewed, in respect of which it accounted for 68% of responses, see Figure 2.11. Thus, for the vast majority of those GTAs offering engineering training (77% of all GTAs), see Figure 2.12, engineering training accounts for more trainees than any other type of training that they offer. Figure 2.12 also provides what is probably a more accurate picture of the relative status of the Construction sector amongst and within the GTA movement (more than provided in Figure 2.4 for example).

Figure 2.11: Most popular training offered by GTAs, by occupational sector



N=68



N=75

Whilst the majority of apprentices at one GTA are engineering apprentices, the remainder include business administration, warehousing and IT apprentices. Non-engineering apprenticeships came about following consideration of the wider training needs of members, who are all either engineering firms or companies with significant engineering functions.

Membership

2.50 Unlike other training providers, most GTAs have a membership. Having members is said to add accountability, immediate feedback and a sense of ownership of a GTA. It is said also to encourage members to take a longer term view of training. According to many GTAs, their members seem to get more involved in training than non-members and better appreciate the benefits of training. GTAs also find it a lot easier to get close to members than non-members, and having done so they will go out of their way to be helpful to them. Loyalty is seen as very important and can ultimately develop into mutual dependence.

2.51 That said, most GTAs make little distinction between members and non-members in terms of the services they provide, other than on price. While a few businesses view the price differential as the main reason for membership, most GTAs for their part see membership as something much more significant, in signifying a commitment to training and also to the well-being of a particular sector/locality.

Focus of Membership

2.52 Membership numbers can vary substantially between GTAs, with 5% of GTAs surveyed having between 1-5 members and 11% having more than 200. The variation largely reflects the differences in sectoral and geographical coverage of GTAs. The average (mean) membership figure was 67.

Table 2.4: Number of Members Using Services

Number	Percent (N=57)
1-5	5.3
6-10	8.8
11-20	12.3
21-50	26.3
51-100	26.3
101-200	10.5
201+	10.5

2.53 GTAs also provide training and/or consultancy services to non-members. As Table 2.5 below shows, the number of non-members to whom services are delivered can far outweigh the number of members, with exactly 1 in 3 GTAs delivering services to more than 200 non-member businesses. There does not appear to be any correlation between numbers of members and non-members using services.

Table 2.5: Number of Non Members Using Services	
Number	Percent (N=69)
0	1.4
1-5	2.9
6-10	1.4
11-20	5.8
21-50	21.7
51-100	13.0
101-200	18.8
201+	33.3
Don't know	1.4

2.54 Many GTAs have a narrow sectoral and/or geographical focus. Indeed, several of the GTAs interviewed had very few members, mainly reflecting the narrowness of their sectoral remit and their firm intention to retain that focus. Furthermore, some GTAs distinguish themselves by specialising in very specific skill areas. For example, the only two courses in the UK specific to plastic injection moulding tool-making are run by GTAs. To that extent, GTAs can be viewed as fulfilling a remit which would not otherwise be met.

2.55 However, even where there is a narrow sectoral focus there can be quite a mixed membership in terms of large national companies being members of the same GTA as local small and medium-sized businesses.

> One GTA focus on traditional trades within a particular sector, and has apprenticeship contracts with the LSC covering both Derbyshire and Nottinghamshire relating to a number of different disciplines in small specialist firms as well as large-scale production companies.

> Another GTA with a specific skills focus has around 50 members who vary in size from 3 employees through to approximately 300, and ranging across several different sectors.

2.56 There is no established profile of GTA members, but an insight was provided by the telephone survey of 71 employers carried out as part of this research. Just over half of the businesses surveyed were independent. One quarter employed fewer than 20 people and just over half employed fewer than 100, with 7 per cent employing more than 1,000. Around 30 per cent of firms were established before the Second World War, with 40 per cent set up within the past 20 years.

2.57 One fifth of respondents had become a member of the GTA within the past 2 years, although a higher proportion had been a member for more than 10 years. Just how high is difficult to gauge in that some companies had been members for longer than respondents could remember. Involvement with the GTA had mainly come about via word of mouth from other companies, with far fewer being actively recruited by the GTA. Of the 71 firms interviewed, 8 had helped to establish their GTA.

2.58 Most of the sector-based GTAs are established for businesses – sometimes competitors – at the same stage in the supply chain. However, there are examples of those that have been established to serve members throughout the supply chain.

> A number of GTAs were set up by a national industry body, and form part of a national network of organisations set up to provide training to workers in its industry. Some of these GTAs are focused on a tightly defined membership but others aim to represent all sectors, including suppliers, processors and retailers.

2.59 Some GTAs were established in order to serve quite a broad membership within a local area, whilst others that began with quite a narrow focus have broadened activities due to their services being demanded by employers outside of their original core membership, and/or to generate additional income. In the course of this research three examples were uncovered of GTAs having merged with others or acquired their assets.

> One GTA was established by 7 local engineering firms and its success encouraged it to extend membership to a wider range of manufacturers and to broaden the range of NVQs that it offers. Recently it acquired another GTA.

> Two of the GTAs set up by the EITB in response to the 1964 Industrial Training Act merged in the late 1980s, and the new GTA has since diversified to reflect the needs of its local area.

> At one GTA the core of the membership are engineering firms, whilst others are expected to have links with engineering. It would like to keep its engineering focus but the declining nature of the market is forcing it to broaden. Apprenticeships are offered in mechanical engineering, electrical engineering, electronic engineering and maintenance engineering, but increasingly this is for engineering service providers rather than manufacturers.

Membership Fees

2.60 With few exceptions GTAs charge their members fees, which usually entitle them to a discount off the costs of training and/or consultancy services charged to non-members, most commonly of 15%, ranging between 10-20% amongst those interviewed on a face-to-face basis. Indeed, the benefits of membership are often promoted by GTAs on the basis that the savings achieved on fees can more than outweigh the cost of membership.

2.61 Whilst many GTAs originally charged membership fees based on the sizes of individual members, most have now abandoned that approach. Indeed, only one example was uncovered of a GTA that has retained the practice of varying fees according to the numbers employed by members.

> One GTA charges annual subscriptions ranging from between £100-£1,000, depending on employment levels within member companies. On average, members employ about 50 people, although three quarters of members employ fewer than 50 people.

2.62 The most common type of membership fee amongst GTAs interviewed was a flat rate. In many cases this is a nominal sum intended to secure the membership and therefore the commitment of as large a number of businesses as possible. However, charging a flat rate would suggest that membership fees do not, in most cases, reflect the benefits that each member might anticipate getting from the training and other services they use.

2.63 Typically, fees are around £100 per employer. The lowest membership fee recorded amongst those interviewed face-to-face was £30 a year, and highest was £2,250, although the latter included the provision of a large number of training/consultancy days as part of the package.

> At one GTA membership was always based on a per capita charge but this was felt to no longer be appropriate. Members are now charged a flat rate fee of £50 which entitles them to a 10% discount on GTA services compared to the prices charged to non-members.

> Another GTA used to have membership fees ranging from £200-350 dependant upon the number of employees within the company. This has been reduced to a flat rate fee of £50 to try to entice new members to join and share the ethos of the GTA. To that extent, the membership fee is not viewed as being a revenue-generating item

2.64 Some of those that have abandoned size-based fees have opted for a fee system that reflects the extent to which members use their services. This is considered fairer than a levy based on employment.

> At one GTA membership used to be based on a levy, comprised of a fixed fee plus a charge related to number of employees. In 2000 this was replaced with a graded system, offering Platinum membership at £2,250 per annum, Gold at £1,300, Silver at £750 and Bronze at £500. The more expensive the membership the higher the number of consultancy days it secures. Membership also brings the benefit of a 15% discount off training and seminar attendance costs.

2.65 Two of the GTAs interviewed on a face-to-face basis consider themselves no different to other training providers, or at least believe that they are perceived by their customers as being no different to other training providers. As such some believe that charging membership fees would place them at a competitive disadvantage. In this respect, it is difficult to characterise these as no more than private-provider equivalents.

> One GTA has around 50 member companies and any company using the GTAs services automatically becomes a member. Members used to pay a membership fee, but this was scrapped due to competition from other providers.

2.66 Interestingly, membership subscriptions account for a small proportion of a GTA's income in most instances, with LSC contracts far more significant, see Table 2.6. That said, having a membership may well lay the foundations for securing LSC contracts in terms of providing ready opportunities for apprentice placements. Other Government training contracts include running programmes such as New Deal, whilst 'Other' income mainly comprises consultancy work, primarily health and safety consultancy.

Table 2.6: Division of Income						
Source of Income	Proportion of Income					
	0-20	21-40	41-60	61-80	81-100	N
Membership subscriptions	88.2	0.0	0.0	5.9	5.9	17
Other fees charged	20.2	40.0	20.0	20.0	0.0	15
LSC Contracts	5.6	38.9	16.7	33.3	5.6	18
Other Government Training Contracts	71.4	14.3	0.0	14.3	0.0	7
Other	62.5	0.0	0.0	25.0	12.5	8

N=Number of GTAs deriving income from each service

2.67 In almost all cases any surpluses generated by GTAs are re-invested back into the organisation, although one exception came to light during face-to-face interviews.

At one GTA a budget is set at the start of the year based on certain assumptions as to income and expenditure. If a surplus is generated it is divided amongst the membership based on a points system, with points allocated according to the amount of training undertaken. This is both to encourage and reward higher levels of training.

3 GTA TYPOLOGIES

3.1 The overriding aim of this element of the research was to identify the different types of GTAs that operate in the UK. This was based on the information collected and the interviews and surveys conducted, as described in the methodology section of this report.

3.2 As a precursor and to provide context for this process, a literature search on cluster development was conducted. The main papers and reviews are presented more fully in Appendix 1, but some of the main points are summarised below.

Sectors/clusters

3.3 Michael Porter[4]'s definition of an 'industrial cluster' is as follows: *'Geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also co-operate' ('Clusters and the New Economics of Competition', 1998).*

3.4 Porter's concept of 'cluster' originated in his comparative work on international competitiveness, dating back to 1990. He believes that four factors are critical to the successful formation of a cluster:

- factor conditions, or the availability of such resources as infrastructure and skilled labour;
- demand conditions, or the existence of a proven high level of demand for a particular product or service;
- the presence of suppliers, distributors and other related companies which can interact with the cluster companies and enable them to operate effectively;
- similarity among cluster companies in terms of strategic purpose and organisational structure

3.5 Porter's more recent work has continued this theme, arguing that while co-location is not sufficient for cluster formation, it intensifies the power of domestic competition which is the major spur to continuous innovation and improvement.

3.6 The Competitiveness White Paper published in December 1998, *'Our Competitive Future: Building the Knowledge Driven Economy'* identified clusters and networks as a pivotal area of economic development. The White Paper highlighted the fact that business growth is strongest when

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4 The academic most closely associated with the modern development of cluster theory

firms create a critical mass of competition, collaborate and instigate opportunities for investment and knowledge sharing. This understanding has subsequently been applied by Regional Development Agencies (RDAs) in their Regional Economic Strategies, first published in the late 1990s and since updated and revised. Many of these strategies featured the identification and development of regional clusters as key issues to be addressed.

3.7 *'Developing Learning Organisation Models in SME Clusters'* was a European Commission funded project that identified five main "cluster" types:

i. Porterian - situated in a clearly defined historical and cultural industrial relationship with collaborative networking between SMEs in similar markets. Governance structures are flexible.

ii. Segmented Porterian - similar to above but interactions between SMEs are shaped by differentiation in producer-supplier relations and different market positions and niches. Networking is by loose associations with a central figure, association or service base and the governance structure is more formal.

iii. Interlocking - work to forge links of common interest within the local economy. Networking is diverse and ranges from loose interest groups formed for promotional purposes to professional associations with a common project.

iv. Induced Partnership - is formulated by external agencies (non-community based), which co-ordinate organisational learning within the cluster. Development agencies provide communications and decision-making structures which central services can support.

v. Virtual Cluster – is a national network of family enterprises bound by common history and objectives, with entrepreneurial decision-makers playing the dominant role. Alternatively, it can have a common activity base linked through an information and communication technology infrastructure. However, virtual clusters are not confined to internet-based organisations.

3.8 There is no one 'cluster' model, clusters have either evolved through time or have been induced by institutional intervention. The role of GTAs might therefore be best described as a hybrid of 'Porterian' (i.e. being involved in a clearly defined historical and cultural industrial relationship with collaborative networking with SMEs in similar markets) and 'Induced Partnership' (i.e. one that is formulated by external agencies which co-ordinate organisational learning within the cluster).

3.9 Individual GTAs often reflect, form and constitute a part of clusters at the local level – many compete and collaborate with local colleges for example. However GTAs do not seem in general to so much constitute clusters *per se,* as reflect clusters of economic activity, most commonly involving businesses – sometimes competitors – at the same stage in the supply chain, but including examples of those serving members throughout the supply chain, for example in the seafish industry. Thus, In the same way that GTAs help to reinforce clusters there would appear to be scope to reinforce GTAs and thereby support and promote cluster development. This is discussed further in Section 5.

Towards a typology of GTAs

3.10 In terms of an overall typology, the clearest distinction between GTAs seems to be in terms of the demand-driven/supply-led axis. Either side of this axis there appear, however, to be wide ranges of GTAs with different characteristics, activities and approaches.

3.11 Many on the demand-driven side appear to have a clear strategic overview and a planned commercial approach which reinforces rather than conflicts with its commitment to its members. Others do not appear to have such an approach and/or operate in a static or declining market, facing stiff competition from other providers and having to work hard to keep their heads above water.

3.12 This in turn suggests a dichotomy of types within those on the demand-driven side, between those that are predominantly 'strategic' in their approach and those that are not. The latter might be described as 'non-strategic' or 'declining'. A further potential type sits firmly on the supply-led side of the axis. To some extent it is difficult to distinguish these supply-led GTAs from private providers. Thus, three types are suggested at the outset although it is fully acknowledged that none of the above descriptors are totally adequate.

3.13 What follows is, firstly, a descriptive analysis of what each of these three GTAs types typically encompasses in terms of attributes, behaviour and attitudes. As such they are 'characterisations'. The validity and limitations of this typology are then discussed further and possible alternatives and variations suggested.

GTA types

Demand-driven ('Strategic') GTAs

3.14 Demand-driven (Strategic) GTAs have a very clear view of their function and the manner in which they can best serve the needs of their employer-members. Such GTAs are much more than a training provider, offering general support and guidance on training and other workforce issues, such as health and safety. They also have the flexibility to be able to respond to employers' training needs as they arise.

3.15 Demand-driven (Strategic) GTAs value their members highly and consider the principle of having a membership as very important in building relationships with employers and maintaining regular contact with them. They exist for the benefit of their members rather than seeking members to justify their existence. Indeed, whilst they recognise the need to operate commercially, they remain guarded about canvassing for or accepting new members.

> Members of one GTA must be supportive of the aims of the organisation, and those seeking membership simply to more readily access training grants have had their applications rejected. All companies are vetted in respect of their attitude to training, equal opportunities, health and safety and their support for the GTA's aims.

3.16 A majority of the directors/trustees of Demand-driven (Strategic) GTAs represent businesses operating within the sectoral or geographical focus of the GTA. They are strongly employer-led, not merely in terms of having employer representation on their boards but in the levels of activism exhibited by those directors/trustees.

> At one GTA courses are not planned in advance or marketed, they are demand-driven by employers, often based on very short lead times. Where investment in equipment or staff is required, decisions are based on the collective experience and knowledge of GTA staff and members.

3.17 Demand-driven (Strategic) GTAs identify the training needs of their members, or establish those needs in conjunction with their members. The occupation-specific training provided often extends to additional qualifications for trainees beyond apprenticeship training

3.18 These GTAs take a strategic view as to whether it is appropriate to deliver certain aspects of apprenticeship training and/or workforce development themselves or subcontract delivery to a local college.

3.19 If training is delivered direct it is carried out by highly competent practitioners. They are trusted and accepted by trainees and employers, the latter viewing them as an extension to their own businesses, often based on personal relationships that have been built up over a number of years. Demand-driven (Strategic) GTAs deliver training in the workplace, with each trainee having their own individual programme.

3.20 If delivery is subcontracted, quality control processes are put in place which enable the GTA to offer its members the reassurance that training will be undertaken to acceptable standards. Communications between the GTA, its members and any providers to which training is subcontracted are excellent.

> One GTA has avoided delivering training direct in order to keep its overheads down. Instead it subcontracts training to a local college whose workshop it jointly manages under a service level agreement, with 5 of its own staff based permanently in the college. It is therefore able to deal with any issues that might arise quickly and efficiently, which it regards as very important.

> One GTA is planning to do more direct delivery in order to respond to the needs of employers which colleges – fixed to term times – cannot do, and is currently investing in new equipment.

3.21 Demand-driven (Strategic) GTAs meet all of their members' apprentice recruitment needs and are able to demonstrate very high success rates in placing young people with employers. They carry out the initial selection of apprentices on the company's behalf, through advertising apprenticeship opportunities, interviewing/testing applicants and matching them to specific vacancies, sometimes according to their particular interests and locations (in terms of ease of access to work/college from home). The GTAs monitor and evaluate the recruitment process, both from the employer's and the young person's perspective.

3.22 Demand-driven (Strategic) GTAs go to great lengths to ensure the well-being of trainees, a responsibility that is taken extremely seriously, particularly in relation to health and safety issues in the workplace, which is a primary concern. In all cases Demand-driven (Strategic) GTAs require members to meet minimum health and safety standards, and will reject applications for membership from employers failing to meet those standards. In addition, they reserve the right to remove young people from employers where they have concerns for the safety or well being of the young person.

3.23 Demand-driven (Strategic) GTAs visit trainees on a much more regular basis than they are required to by their LSC contracts in order to provide comprehensive support to trainees.

3.24 Demand-driven (Strategic) GTAs provide active encouragement and support for applicants of all types and from all backgrounds. They deal only with employers who share their interest in developing people best suited to their jobs or the vacancies that arise, irrespective of gender, ethnic background or any other discriminating factor.

Demand-driven ('Declining') GTAs

3.25 Demand-driven (Declining) GTAs include a high proportion of traditional GTAs, many of which have been operating since the 1960s. They continue to work tremendously hard to uphold the principles upon which they were established. However, whilst some have recognised that in order to do so they must change the way in which they function, by broadening the types of training they offer, in terms of both occupational skills and qualifications (thus, in fact, operating strategically), others have not. Similarly, whilst some Demand-driven (Declining) GTAs have acknowledged the benefits of collaborating rather than competing with other providers, others continue to compete head on, often for a dwindling number of trainees.

3.26 Like their more strategic counterparts, most Demand-driven (Declining) GTAs value their members highly and continue to believe the membership principle to be fundamental to their raison d'etre, although in some cases these GTAs focus on selling services to members or non-members and draw little distinction between the two.

3.27 Furthermore, the closure or downsizing of some of their traditional core members has led to them seeking new members in order to sustain their activities and, in some cases, this means anyone, irrespective of whether they match the profile of existing members. Relationships with these new members tend to be not so strong as with traditional members.

3.28 The loss of members has also resulted in a loss of activists wanting to become directors/trustees of the GTA. As a result, those who are serving in this capacity tend to have been doing so for some time and there are unfilled director/trustee vacancies. In some cases, although employers form a majority of board members/trustees they play no significant part in shaping the direction of the GTA or in ensuring that it stays loyal to its founding principles. Employer engagement is based mainly upon feedback received when making visits to employers in carrying out work-based assessments.

3.29 Demand-driven (Declining) GTAs are their members' main source of information on training, and can play an important role in offering advice about training and signposting to other providers, where appropriate. However, that is not to say that they all provide their members with advice and guidance on training as some focus on selling their own training packages to members and non-members.

3.30 Demand-driven (Declining) GTAs were established to deliver training direct but at most this now only represents half of the training they provide, and indeed amongst some GTAs there is a belief that theirs is a training management rather than a delivery role. Structural economic changes have led to them offering a wider variety of training much of which local colleges are better placed to deliver. These GTAs would like to continue to deliver some training direct but are struggling to afford to invest in their own training facilities.

A number of GTAs operate fully equipped engineering training centres that are used mainly for off-the-job first year apprenticeship training. This direct delivery of training is seen by these GTAs as very important and a feature that distinguishes them from managing agents.

3.31 Demand-driven (Declining) GTAs handle the majority of apprentice recruitment on behalf of member companies, although the inability of some GTAs to attract sufficient numbers of good quality candidates forces some employers to carry out supplementary apprenticeship recruitment. Where members are carrying out recruitment themselves, their members tend to adopt the GTAs recruitment process as a model of good practice.

3.32 Demand-driven (Declining) GTAs too are very conscious of the responsibilities they have towards trainees, and pay considerable attention to health and safety issues in the workplace. Like Demand-driven (Strategic) GTAs, they require members to meet minimum health and safety standards, and will reject applications for membership from employers failing to meet those standards. They too reserve the right to remove young people from employers where they have concerns for the safety or well being of the young person.

3.33 With regard to gender specifically, Demand-driven (Declining) GTAs encounter difficulties in placing female apprentices in vacancies that have traditionally been occupied by men. They have difficulties in convincing both young women and their parents that opportunities exist for them in traditional industries and in persuading some employers to take on young women. Whilst most GTAs make strenuous efforts to tackle this issue some are themselves guilty of continuing to make distinctions between jobs ‘suitable’ for males and females, and have also abdicated any responsibility for ensuring that their members provide equality of opportunity

> One of the GTAs interviewed conceded that its ALI Inspection had made criticisms about equal opportunities, but added that attempts had been made to address this. An ESF bid for a project seeking to encourage more women into management failed, but a project was underway to deliver computing skills to a Bangladeshi women’s group, funded by a local housing association.

Supply-led GTAs

3.34 Supply-led GTAs bear the name of a GTA but demonstrate few of the fundamental characteristics. They do not have a membership or, if they do, it is purely notional, with all clients classed as members but none having to satisfy any membership criteria or pay subscriptions. To all intents and purposes they are managing agents or private providers, wishing to gain some credibility in the market by associating themselves with GTAs

3.35 Employers form a minority of Board members and there is no formal mechanism through which employers are asked about their specific training requirements. Engagement with employers is little different to that which exists between other training providers and their client companies.

> One organisation, which provides training for a wide variety of organisations, has 10 directors, of which only 3 represent employers. Training is entirely supply-led. It did previously work with a consortium of employers in one particular sector but the consortium collapsed.

> Another GTA is part of a company that was previously the direct training arm of another organisation. It has no members as yet, and the process of building up the Board of Directors is said to have been quite slow.

3.36 Supply-led GTAs are only interested in delivering off-the-shelf training solutions. Whilst they deliver some computer-based training themselves, their natural inclination is to subcontract the delivery of training to local colleges.

3.37 Supply-led GTAs conduct general recruitment and then look for work placements. Their members have to determine staff training needs themselves. Care of apprentices is taken seriously, although no effort is made to go beyond statutory requirements or contractual obligations in attending to trainees' needs.

3.38 Equal opportunities policies and practices can be extremely good, with every effort made to encourage as many trainees as possible, whatever their backgrounds.

Type numbers

3.39 Table 3.1 summarises the three GTA types. Each of the 78 telephone interviewees were allocated to one of the above three types, based on whether they were judged to be demand-driven or supply-led, and if in the former category whether their membership, trainee and income levels were increasing, reasonably stable or declining. The distinction between demand-driven and supply-led GTAs was based on information relating to the composition of their Board, whether they had a membership and how employers' training needs were identified and met. Based on these allocations there were:

- 13 Demand-driven ('Strategic') GTAs (17%).
- 37 Demand-driven ('Declining') GTAs (48%).
- 28 Supply-led GTAs (36%).

Alternative Typologies

3.40 As noted in paragraph 3.13, the descriptions of the GTA types represent 'characterisations' of GTAs. To that extent, the analysis is limited as it is for the most part an 'ex-post' rationalisation of their current attributes rather than a fundamental or inherent description of types. The types can therefore best be regarded as "good performers", "moderate performers" and "poor performers". Thus, while the descriptions may not necessarily be valid in terms of fundamental attributes, they are useful as indicators, or benchmarks, in terms of assessment if impact and performance, see section 5.

3.41 It is also thought that the strategic/non-strategic distinction is not clear-cut. Many demand-driven (declining) and supply-led GTAs in fact appear to operate "strategically" in many senses, from broadening the types of training offered, application and acquisition of government funding etc.

3.42 Nevertheless, what does seem to be valid is the demand-driven/supply-led dichotomy. But even here, it only seems valid to the extent that supply-led GTAs can be regarded as GTAs, rather than as ‘private provider equivalents’.

Table 3.1: Summary of GTA Types			
	Demand-driven (Strategic) GTAs	Demand-driven (Declining) GTAs	Supply-led GTAs
Employer Engagement	Close links with member firms and strongly employer-led.	Most endorse the membership principle, but some make no distinction between members and non-members. Have extended activities to combat falling membership.	Employer engagement is no different to that which exists between other training providers and their clients.
Delivery/ Management of Training	Deliver direct and take firm control over quality of subcontracted elements	Direct delivery of training has declined but range of training offered has broadened.	No direct delivery, merely management of off-the-shelf training packages.
Recruitment/Care of Apprentices	Meet all of their members’ apprentice recruitment needs.	Although some meet most of their members’ apprentice recruitment needs others only partially do so.	Conduct general recruitment and then look for work placements.
Equal Opportunities	Encourage and support applicants of all types and from all backgrounds	Encounter problems placing female apprentices in traditionally male-dominated jobs, and in some instances themselves make distinctions between jobs ‘suitable’ for males and females .	Policies and practices can be extremely good, encouraging trainees from a variety of backgrounds.

3.43 Within this basic dichotomy, there appears to be significant variation around the ways in which training itself is provided and apprentices and trainees are handled. Thus GTAs can range in type from employers of apprentices/trainees, to direct trainers, to subcontractors of training, to managing agent-types.

3.44 Gospel and Foreman also propose a distinction between employer collaborations based on an endogenous/exogenous continuum, in which 'endogenous' organisations or collaborations were founded and have developed with little external coordination, while their 'exogenous' counterparts were founded or developed more as a result of some form of external intervention or source of governance.

3.45 It would seem, in conclusion, that there is scope for further development of a typology that embraces some of these differences in a way that captures GTAs' fundamental behaviour and rationale as well as their 'characteristic behaviour and practices' described above.

4 IMPACT OF GTAS

4.1 This and the next section seek to examine the impact of GTAs in overall and net terms. In particular, they look at the extent to which GTAs have led to:

- Higher volumes of training than might otherwise occur (be it numbers of trainees, amount of training per trainee or numbers of employers providing training).
- Higher quality/more relevant training than might otherwise occur.
- Reduced costs of training to individual employers through economies of scale and shared overheads.
- Ease of access to training, due to the presence of an established and credible provider.
- A greater commitment to training, as part of a broader grouping with common interests in skills development.
- Wider benefits, for example with respect to equal opportunities.

4.2 The above impacts are presented, or subsumed as themes, within the section, which is based mainly on existing TSC/ALI training provider inspection reports and the telephone survey of 78 GTAs. Other sources of evidence are also used, principally the analysis of Gospel and Foreman.

Size of GTAs

4.3 A review of Training Standards Council (TSC)/Adult Learning Inspectorate (ALI) inspection reports revealed that the size of GTAs in respect of the number of people to whom training was being delivered varies significantly, from an organisation with just 9 trainees to one with nearly 500 trainees. Amongst the GTAs interviewed on a face-to-face basis for this research there was an even broader range, ranging from one GTA with just one apprentice to another with 1,000. Amongst the GTAs interviewed who were willing to provide information on turnover, the majority fell within a range from £500,000-750,000.

4.4 In aggregate terms, GTAs are a significant provider of training. Gospel and Foreman estimate that they constituted 9% of all training providers inspected by the TSC/ALI, as at June 2001, accounting for 10% of all trainees. In engineering, all employer group training organisations (predominantly GTAs) accounted for 46% of Advanced Modern Apprenticeships (AMAs) and 25% of Foundation Modern Apprenticeships (FMAs).

Types of Training

4.5 Apprenticeship training, through both Foundation Modern Apprenticeships (FMAs) and Advanced Modern Apprenticeships (AMAs) is at the heart of GTA activities. Each of the 21 GTAs interviewed face-to-face was undertaking either FMA or AMA training and three quarters were undertaking both.

4.6 In almost all cases apprenticeship training is 'free' to employers, with costs covered by funding from LSC contracts[5]. However, this can put cashflow pressures on some GTAs, as LSC funding is not received until some time after training costs have been incurred.

> In order to protect its cashflow and operate on a more stable financial basis one GTA charges apprenticeship training at £125 per month per apprentice and members receive reimbursements once LSC funds are received. It was said to have been not too difficult to persuade members that it was in their interests to fund the GTA in this way, because it makes the organisation much more robust and sustainable.

4.7 GTAs also offer some commercial adult training, including skills enhancement and multi-skilling, through customised training. These tend to take the form of intensive short courses and whilst most of this training is accredited some courses result only in attendance certificates. Meeting employers' needs is said to not necessarily involve giving their employees a formal qualification.

4.8 Only 2 of the 16 GTAs that returned fact sheets reported being involved in training unemployed people through New Deal. This low number is hardly surprising given that their primary purpose is to serve the apprenticeship training and workforce development needs of employers.

> One GTA offers training under a number of Government-funded programmes including a wide variety of AMAs/FMAs, as well as opportunities for learning under New Deal and LearnDirect.

4.9 As already noted, many GTAs also provide consultancy services, most commonly in health and safety and management development, in many instances delivered nationwide, and in some cases internationally. In

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100% of the funding for 16-18 year olds is provided by the LSC, whilst for those trainees aged 19+, there is an assumed employer contribution of 25%. Separate arrangements are made at provider level with regard to employer contributions towards the cost of the apprenticeship.

respect of health and safety and employment issues it is believed that many employers are effectively outsourcing these functions.

4.10 In addition, a handful of GTAs have been successful in securing funding through their Regional Development Agency (Skills Development Fund) and their local Learning and Skills Council office (Local Initiatives Fund). Some examples, together with a description of the attitudes of RDAs to the principle of group training, feature in Appendix 1 (and are noted in section 3).

4.11 It is also interesting to note that only 42% of GTAs offer training/consultancy in equal opportunities.

4.12 Across all types of learning, the 18 GTAs that returned fact sheets had a total of 2,885 trainees (on a 92% male/8% female split), an average of 160 per GTA, somewhat smaller than the average of 224 across the 117 GTAs whose inspection reports appear on the TSC/ALI database as at June 2001, according to Gospel and Foreman. Ethnic minorities made up 4% of male trainees and 7% of female trainees. Disabled trainees accounted for 3% of all types of trainees.

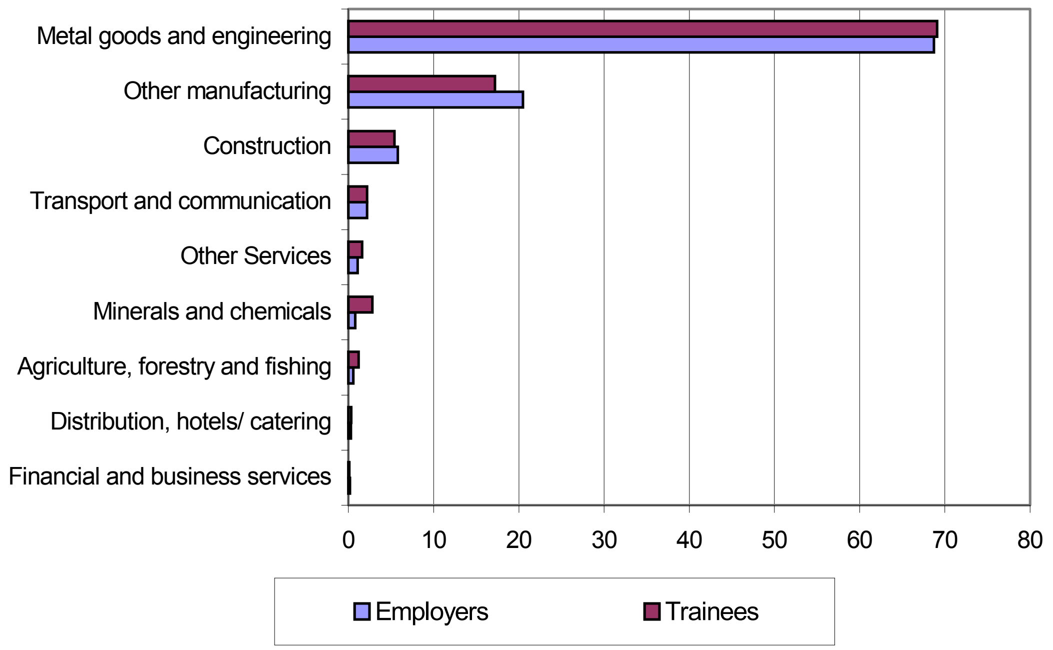
4.13 Between them, the 18 GTAs had 281 FMAs (on an 83% male/17% female split) and 1,932 AMAs (on a 98% male/2% female split). Quite clearly, this is a major gender imbalance, although it is not possible to say whether this is any different to other providers. Furthermore, it would appear to be a reflection of the types of occupational sectors in which many GTAs operate (i.e. being dominated by engineering, with its overwhelmingly male bias). There is however a strong case for arguing that GTAs (as well as other training providers and employers) should be doing much more to correct the gender imbalance, especially in relation to AMAs.

4.14 Ethnic minorities make up 14% of male FMAs and 8% of female FMAs, as well as 3% of male AMAs and 5% of female FMAs. In this respect, it is the different levels of representation of ethnic minorities amongst AMAs as opposed to FMAs which appears most significant. It would seem that both ethnic minority and female trainees are especially under-represented at AMA level. Disabled trainees account for 4% of FMAs and 3% of AMAs.

Table 4.1: Training Volumes					
Category	Males	Ethnic Minority	Females	Ethnic Minority	Disabled
Foundation Modern Apprentice	232	33	49	4	11
Advanced Modern Apprentice	1889	53	43	2	49
Other NVQs	336	28	70	10	11
New Deal	45	2	4	0	0
Other (certified)	150	0	55	0	0
Other (non certified)	12	0	0	0	0
Total	2664	116	221	16	71

4.15 Of the 18 GTAs that returned fact sheets, 14 were able to allocate employers and trainees to particular sectors. Between them these 14 GTAs dealt with 1,721 employers and 2,428 trainees, with the metal goods and engineering sector accounting for just over two thirds of both employers and trainees.

Figure 4.1: Employers/Trainees by sector



4.16 Of the 18 GTAs that returned fact sheets, 8 were able to allocate employers and trainees to businesses by employer size band, see Figure 4.2. Although limited, this analysis showed the largest number of employers to be in the 50-99 employee band, and the largest number of trainees to be in the 100-249 band.

Figure 4.2: Employers/Trainees by size of business

Quality of Training

4.17 Training Standard Council (TSC) and Adult Learning Inspectorate (ALI) reports on GTAs were reviewed to try to determine whether the standards being achieved were at an acceptable level and to compare the performance of GTAs with other providers in terms of the quality and quantity of training. However, it should be noted that the contexts within which GTAs and non-GTAs are operating may well differ, as may the specific types of training they offer. Consequently, these may not be like-for-like comparisons.

4.18 At the time of receiving the data, the ALI had only inspected a relatively small number of GTAs and other providers. These are analysed separately here. As Table 4.2 shows, GTAs represent 7.6 per cent of the training organisations inspected by the TSC and 7.9 per cent of those inspected by the ALI.

Table 4.2: Summary of GTAs and Other Providers inspected by TSC/ALI		
	GTAs	Other Providers
TSC Reports		
Number of TSC reports	86	1053
Total number of occupational areas	207	2708
Number of trainees	18196	201298
Average number of trainees per provider	212	191
ALI Reports		
Number of ALI reports	9	105
Total number of occupational areas	23	175
Number of trainees	1932	8985
Average number of trainees per provider	215	86

Training Standard Council (TSC): Overall Analysis

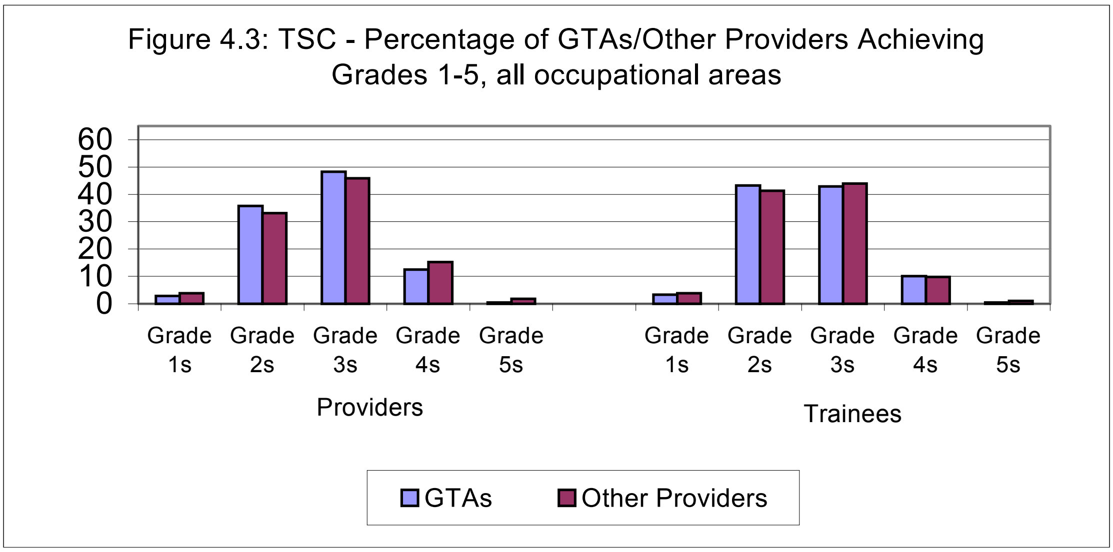
4.19 A total of 86 GTAs and 1,053 other providers had been inspected by the TSC, based on the data received. These inspections covered each of the occupational areas in respect of which training was provided and four generic areas (management of training, trainee support, quality assurance and equal opportunities).

4.20 The bar charts in this section illustrate two different comparisons between GTAs and other providers. In each case, the chart on the left shows the percentage of GTAs and Other Providers achieving each of the Grades 1-5 (Grade 1 being the highest that could be awarded and 5 the lowest). The chart on the right shows the percentage of trainees engaged in learning with a GTA or other provider that has been awarded each of the Grades 1-5. It should be noted that in a few cases no trainee numbers were available.

Occupational Areas- Overall

4.21 Overall, there appears to be little to distinguish GTAs from other training providers in terms of either the proportion of GTAs receiving particular grades or the proportion of trainees engaged in learning with GTAs that have received particular grades, see Figure 4.3. This shows the proportions of GTAs and Other Providers achieving Grades 1-5, with allocation of GTAs determined by the highest grade awarded for any of the occupational areas in which they provide training.

4.22 A slightly lower proportion of GTAs achieved Grade 1s than other providers for one of their occupational areas, but higher proportions of Grades 2 and 3 were awarded to GTAs with lower proportions receiving Grades 4 and 5. Taking into account the numbers of trainees engaged with GTAs or other providers however, the gaps between the two types of organisation were negligible.



4.23 Perhaps of most interest in Figure 4.3 are the lower proportions of GTAs and Other Providers achieving Grades 2 vis-à-vis Grade 3 in relation to the small difference in the proportions when the number of trainees with GTAs are taken into account. Basically, what this means is that GTAs and other providers achieving Grade 2s have higher average numbers of trainees than organisations achieving Grade 3s.

Generic Areas

4.24 In addition to considering the Grades awarded to GTAs and other providers on generic areas, a review was conducted of the qualitative judgements made by TSC Inspectors in relation to how well or badly GTAs and other providers were regarded in respect of each of the generic areas. These comments were drawn from a sample of 25 GTA and 25 non-GTA reports, involving providers that were matched by region and by main occupational sectors. The main points are summarised below.

Equal Opportunities

4.25 No GTA was awarded a Grade 1 in respect of equal opportunities, and a lower proportion of GTAs than other providers achieved Grade 2s. However, although 2 GTAs recorded Grade 5s, the number of trainees with each organisation was a mere 0.1 per cent of the total. In addition, GTAs were criticised for the under-representation of both women and ethnic minority groups. GTAs were commended marginally more than other providers in relation to equal opportunities policies and procedures and significantly more in respect of their links with community groups aimed at widening participation in learning. However, other providers received more commendations for their promotion of equal opportunities, for having an effective complaints procedure and for taking action to recruit under-represented groups.

Trainee Support

4.26 Amongst the generic areas this was the one in which both GTAs and other providers performed best. GTAs were praised more than other providers in terms of arrangements for assessing trainees, providing support and reviewing progress. That said, more GTAs were criticised for their progress reviews than were praised for them. GTAs were also criticised for their failure to identify additional support needs.

Management of Training

4.27 Whilst GTAs recorded slightly more Grades 1 and 2 than 4 and 5, the reverse was true for non-GTAs. GTAs distinguished themselves by their good relationships with trainees/employers and their open and supportive management style. Compared with other providers, GTAs were particularly criticised for their ineffective management of subcontractors and of on-the-job training

Quality Assurance

4.28 This was the weakest of the generic areas for both GTAs and other providers, with GTAs faring marginally better than non-GTAs. Both GTAs and other providers recorded more Grade 5s than Grade 1s. On the positive side, GTAs were deemed to have done significantly better than other providers in relation to action planning to improve the quality of provision. Other providers received positive comments mainly in relation to the clarity and detail of quality assurance procedures. GTAs were criticised particularly heavily for the weakness of their internal verification systems and failure to share good practice systematically.

Training Standard Council (TSC): Sector-Specific Analysis

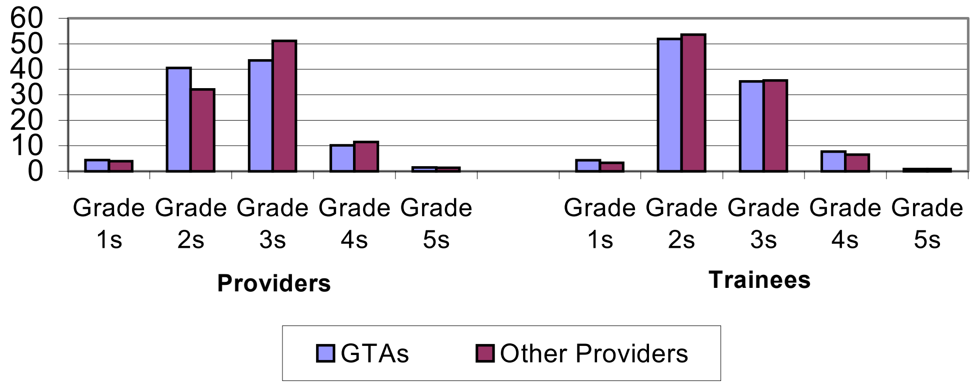
4.29 An analysis of Grades within specific occupational areas was conducted in respect of engineering and business administration It should be noted that 39 of the 46 GTAs offering business administration also offer engineering and by the same token 39 of the 69 engineering GTAs also offer training in business administration.

Engineering

4.30 A total of 69 GTAs and 305 other providers offering engineering training had been inspected by the TSC. Higher proportions of GTAs achieved Grades 1 and 2, with fewer awarded Grades 4 and 5 (Gospel and

Foreman present a virtually identical picture). However, when the number of trainees is factored into the comparisons, these differences are not apparent, see Figure 4.4.

Figure 4.4: Percentage of GTAs/Other Providers Awarded Grades 1-5 for occupational area (Engineering)



4.31 It is also interesting to note that in general, engineering GTAs received higher grades than other GTAs training in other occupational areas and received higher grades with respect to each of the four generic areas. With regard to each of these areas, GTAs offering engineering training tended to perform:

- Marginally less well than other providers in respect of equal opportunities;
- Slightly better than other providers in respect of trainee support;
- Better than other providers in respect of management of training; and
- Better than other providers in respect of quality assurance.

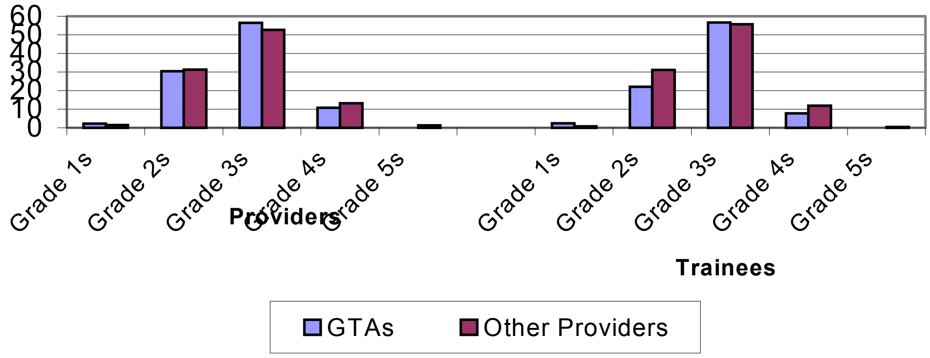
4.32 Additional comments made in relation to GTAs and other providers offering engineering training highlighted that the former provided good on-the-job training and that trainees' work portfolios were of a high standard but that GTAs displayed poor assessment practices.

Business Administration

4.33 A total of 46 GTAs and 559 other providers offering business administration training had been inspected by the TSC. Similar proportions of each Grade were awarded to GTAs as to other providers, although other providers perform marginally better at Grade 2 when numbers of trainees are taken into account. Gospel and Foreman however estimate that a higher proportion of GTAs achieved Grades 1-2 (41%)

than all training providers taken together (33%). They noted a similar differential with respect to GTAs and other providers providing training in construction.

Figure 4.5:Percentage of GTAs/Other Providers Awarded Grades 1-5 for occupational area (Business Administration)



4.34 It is also interesting to note that in general, GTAs offering business administration received lower grades than other GTAs training in other occupational areas but received higher grades with respect to each of the four generic areas.

4.35 Additional comments made in relation to GTAs and other providers offering business administration training highlighted that the former had several key strengths, including good off-the-job training resources, providing good employment opportunities and undertaking regular reviews of trainees' progress. However, relative to other providers, GTAs had poor achievement/retention rates, poor assessment practices and there was a low level of understanding of NVQs amongst employers.

4.36 With regard to each of the four generic areas, GTAs offering business administration training typically performed:

- Less well than other providers in respect of equal opportunities
- Better than other providers in respect of trainees support
- Better than other providers in respect of management of training
- Better than other providers in respect of quality assurance

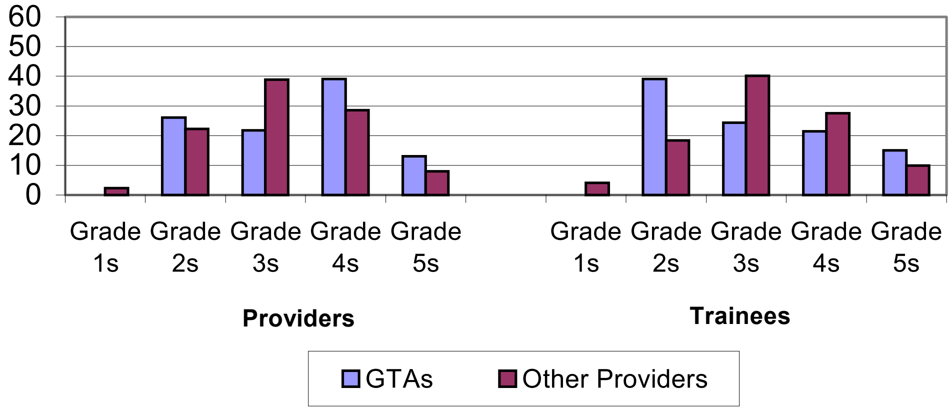
Adult Learning Inspectorate (ALI): Overall Analysis

4.37 A total of 9 GTAs and 105 other providers had been inspected by the ALI at the time of analysis of the reports. These inspections covered each of the work-based learning areas in respect of which training was provided, not all of which coincide with the occupational areas covered by the TSC. In addition the four generic areas covered by the TSC have been reduced to three (leadership and management, quality assurance and equal opportunities).

Occupational Areas

4.38 None of the 9 GTAs achieved Grade 1s for any of their occupational areas, while two achieved Grade 5s (one of them being awarded two Grade 5s). Interestingly, weighting the results according to the numbers of trainees resulted in a much bigger improvement for GTAs than for other providers.

Figure 4.6: ALI - Percentage of GTAs/Other Providers Achieving Grades 1-5, all occupational areas



Generic Areas

4.39 With regard to each of the three generic areas, GTAs performed:

- Less well than other providers in respect of equal opportunities
- Better than other providers in respect of leadership and management
- Better than other providers in respect of quality assurance

4.40 In summary, the analysis of TSC/ALI inspection grades reveals that GTAs perform marginally better than other providers in respect of occupational areas, trainee support, management of training and quality assurance, but less well in respect of equal opportunities, although none of these differences is very significant. Overall there is little to choose between GTAs and other providers, although it is important to note that engineering GTAs in general outperform their non-GTA counterparts.

4.41 As noted above, Gospel and Foreman found in their analysis of TSC/ALI inspection grades that there were significant differences between GTAs and other providers in the pattern of grades awarded in engineering, construction and business administration. To that extent, their findings are more positive about the relative quality of training provided by GTAs.

4.42 As an adjunct to the above analysis, it is worth reporting that three of the GTAs interviewed face-to-face claimed that some of the poor marks awarded by TSC/ALI to GTAs related to the lack of understanding of the context and content of training amongst some employers. They commented that some employers were taking a long time to understand their role in NVQ accreditation in spite of efforts to educate them. Indeed, it was felt that employers are mainly concerned with training outcomes (i.e. having a fully competent member of staff) rather than the detail of the process (i.e. what they had to do to become competent). To that extent, criticisms of GTAs were thought to be harsh in those instances where they had tried to explain to employers the principles that underpinned the training of their staff but employers were relatively disinterested.

4.43 It is also interesting to note that 71% of GTAs stated that they are recognized Investors in People, with 46% claiming ISO accreditation and 51% that they are accredited to other industry or independent standards. As no comparable figures are available in respect of other providers it is not possible to judge the extent to which these commitments to quality might have had an impact on performance.

Wider Impacts

Trainees

4.44 Direct employment of trainees, as features in the Australian model[6] discussed in Appendix 5, was being undertaken by two of the GTAs interviewed face-to-face. Both had employed trainees, albeit for short spells whilst looking to place trainees who have lost their jobs. This was considered by these GTAs to be an important safety net. Discussions with GTAs revealed not so much an aversion to the notion of employing trainees as GTAs not even contemplating it as an option. This is unsurprising given the financial burden involved, and the lack of any incentive (other than perhaps a sense of social responsibility) to do so. More particularly, modern apprentices must have employed status with the organisation with which they are placed and as such could not be employed by a GTA. Nevertheless, there would appear to be considerable potential for GTAs to employ apprentices, to ensure continuity of training

[6] Direct employment of trainees is a feature of Australian Group Training Companies (GTCs), which employ more than 40,000 apprentices and trainees, placing participants with “host employers”. Host employers can utilise staff without having to take on long-term employment contracts, and trainees are guaranteed continuous work and training towards a nationally recognised qualification.

where trainees have become unemployed and/or to provide training places for young people engaged on other forms of training and who are difficult to place with employers.

Employers

4.45 According to the 78 GTAs interviewed by telephone, there are three main reasons why their members prefer to use the GTA rather than other providers: it offers training tailored to individual employers' needs (59% quoting this as a reason; it has a better overall understanding of employers' needs (45%); and it enjoys a higher success rate in achieving qualifications (28%). 'Other' reasons given included that the GTA was employer-owned, its long experience in providing training and its specialist knowledge.

Table 4.3: Why Employers Prefer to Use GTAs

Reason	Percent (N=75)
Offer training tailored to individual employers' needs	58.7
Better overall understanding of employers' needs	45.3
Higher success rate in achieving qualifications	28.0
Breadth of services	17.3
Convenience (e.g. better location)	16.0
Cheaper than other providers	16.0
Poor quality of other providers	14.7
Can train on-the-job, on employers premises	8.0
No alternative provider	6.7
Other	45.3

4.46 Asked to state the single most important reason, it was clear that none was dominant, and it seems that GTAs believe that they meet a wide range of objectives. Of the total, 11% said it was because they offer training tailored to individual employers' needs, another 11% that it was because it has a better overall understanding of employers' needs, 8% that it was because it enjoys a higher success rate in achieving qualifications and another 8% because the GTA was cheaper than other providers. In addition, a long list of other reasons were given as being most important, including: the strong relationship that existed between the GTA and employers; the trust that existed between the GTA and employers; and the GTA's long experience in providing training.

4.47 This rather confident self-assessment by GTAs is not however totally borne out by the analysis of their TSC/ALI inspection grades - Gospel and Foreman's analysis suggests that at most half of GTAs i.e. those providing engineering, construction and business administration training, significantly outperform their 'other provider' counterparts - or the qualitative judgements made by inspectors, which suggest that there is relatively little to distinguish GTAs from other providers. That said, TSC/ALI reports do not consider the values of GTAs in providing training that specifically meets employer requirements and which might not be on offer from any other source.

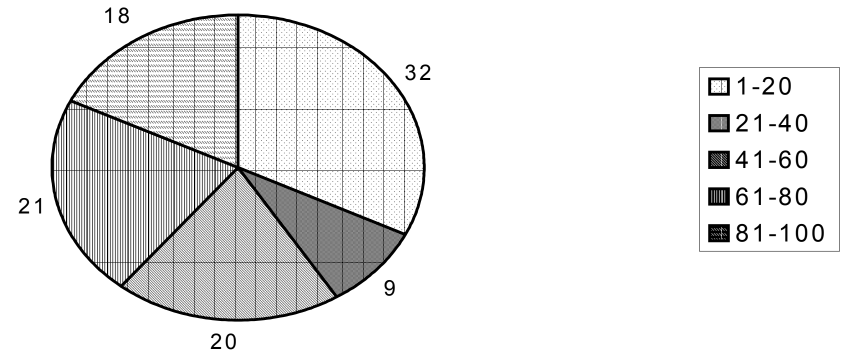
4.48 Indeed, given the number of firms that have closed their training departments (or never had them) it was argued by several of the GTAs interviewed that without GTAs there would be much less training undertaken, and that employers with specific skills requirements would struggle to satisfy them in the absence of alternative provision. GTAs are also a potential and actual valuable way for employers, and especially small and medium-sized employers, to 'externalise' their costs. In respect of colleges in particular, GTAs acknowledged that in many instances the quality of provision was good (and indeed training was often subcontracted to a local college), but argued that as a GTA they better understood employers' needs and were set up in such a way as to be able to respond to those needs flexibly and speedily.

> One GTA had a contract with its local TEC but this ceased. The GTA has taken on responsibility for funding training, with some money coming from a sector body. Had this been a commercial provider and not a GTA, it is felt that it might have ceased to operate with the expiry of the TEC contract.

Training Provision

4.49 Around 70% of GTAs interviewed were able to gauge their market share of apprenticeship training locally. The largest number (32%) believed they had between 1-20% of the market for the types of apprenticeship training they offered, see Figure 4.7. However, 18% of respondents thought they had more than 80% of their local market.

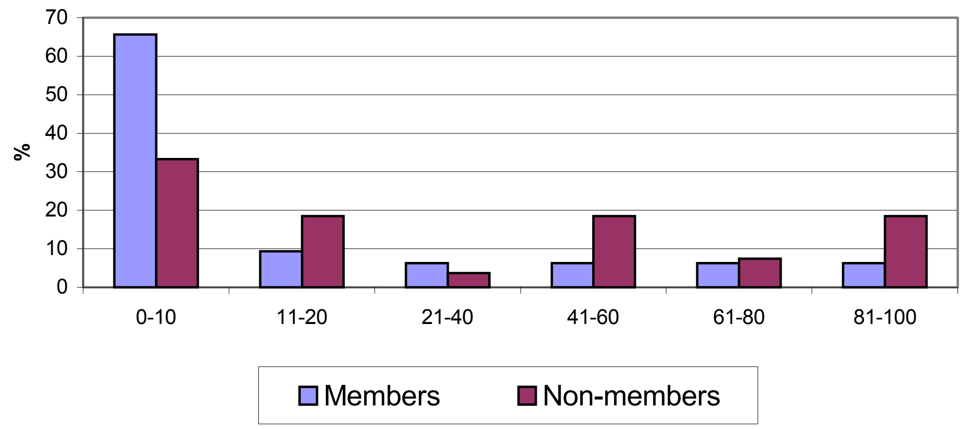
Figure 4.7: Market Share in Apprenticeship Training (% of GTAs)



N=56

4.50 Around 40% of the GTAs sampled believed that their members use other providers for the main types of apprenticeship training that they offer (with 60% believing that their members do not use other providers). Amongst these, two thirds estimate that a maximum of 10% of their members use other providers for the main types of apprenticeship training that they offer, see Figure 4.8. Only around 7% thought that more than 80% of their members used other providers. According to GTAs, other providers might be used for types of apprentice training other than that provided by the GTA, or may choose to use more than one provider in order to keep their options open.

Figure 4.8: Percentage of GTA members/non-members using other providers



N=32, N=27 respectively

4.51 This assessment may reveal some naiveté amongst GTAs in relation to competing providers. However, if accurate, it would suggest that GTAs are, in many instances, uniquely well placed to meet employers' needs. It would also be consistent with views expressed by GTAs in face-to-face interviews, describing the 'special relationships' that they claim to have with employers.

4.52 Most commonly, GTAs compete with local colleges in respect of apprenticeship training/workforce development, followed by private training bodies and then trade organizations, see Table 4.4. In respect of generic training, such as business administration, the training offered by the GTA is often identical to that provided by competitors (although note Gospel and Foreman's finding, para. 4.33). GTAs would however argue that in respect of more occupation-specific training, the training they offer can and does differ from college and other provision.

4.53 Colleges are, however, also collaborators, with 83% of GTAs subcontracting training to them. In addition, 30% of GTAs subcontract training to private training companies/consultancies. This would appear to reinforce the points made in relation to cluster development in the previous section.

Table 4.4: Training providers the GTA competes with

Training Provider	Percent (N=71)
Colleges	93.1
Private training companies/consultancies	59.7
Trade bodies or professional organisations	22.2
Suppliers of equipment/ products	11.1
Other	9.7

4.54 Subcontracting to local colleges appears mainly to involve the FE component of apprenticeships, but can involve other off-the-job training. There is however no consistent pattern to this as it varies from local area to local area, dependent upon whether the GTA has its own facilities (often acquired from the EITB), its confidence in the quality of college provision and the personal attitudes of GTA managers to both the importance of direct delivery and whether they view their local college as primarily a competitor or collaborator.

4.55 Most GTAs believe that their members are well aware of other training providers, implying that, in using GTAs and other providers, they are making rational, informed decisions. As noted above, they also acknowledge that a high proportion of their members use other providers for apprenticeship training/workforce development, see Tables 4.5 and 4.6.

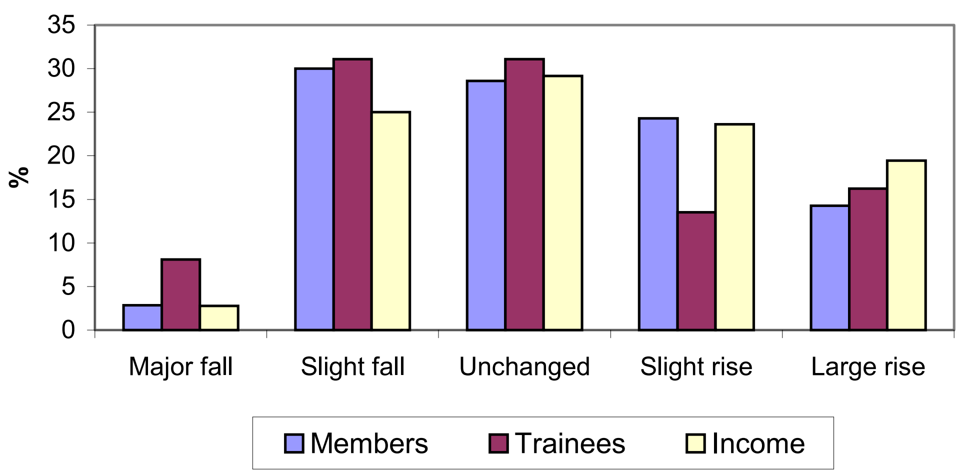
Table 4.5: Training providers GTA members are aware of	
Training Provider	Percent (N=68)
Colleges	88.1
Private training companies/ consultancies	50.7
Trade bodies or professional organsations	20.9
Suppliers of equipment/ products	7.5
Other	10.4

Table 4.6: Training providers GTA members use	
Training Provider	Percent (N=53)
Colleges	80.8
Private training companies/ consultancies	38.5
Trade bodies or professional organsations	13.5
Suppliers of equipment/ products	5.8
Other	11.5

Recent Trends

4.56 Amongst the 78 GTAs interviewed by telephone, slightly more had experienced an increase in membership than had suffered a reduction over the past 3 years, see Figure 4.9. Furthermore, the size of increases appeared more significant than the size of reductions, suggesting that overall the number of GTA members has been rising.

Figure 4.9: Trends over the past 3 years



N=71, N=75, N=75 respectively

4.57 Of those GTAs established during the period 1960-1970, 38% reported a slight fall in the number of members. In contrast, amongst those GTAs established from 1990 onwards, 67% reported a slight or large rise in their membership.

4.58 In respect of trainee numbers, more GTAs reported a reduction in numbers over the past 3 years than reported an increase, although more of those that did enjoy an increase recorded a large rise. Of those GTAs established during the 1960s, 41% reported a slight fall in the number of trainees. In contrast, the majority of GTAs established since 1990 (63%) reported a rise in trainee numbers.

4.59 In spite of the trends in trainee numbers, more GTAs have seen revenues increase than have seen them fall. Amongst GTAs established during the 1960s, 57% reported that their income has remained unchanged or fallen slightly over the past three years. In contrast, 63% of the GTAs established since 1990 reported a large rise in their income over the past three years.

4.60 In seeking to arrest decline or increase their revenues, GTAs have most commonly been developing more courses but, as Table 4.7 shows, this is one of a large number of measures taken. This long list would appear to be a reflection of the different local (and, to some extent, sectoral) contexts within which GTAs operate, and also the different attitudes of GTA managers as demonstrated in face-to-face interviews. They also reflect the array of external factors that have impacted on GTAs over recent years, and in particular the difficulties caused by the continuing decline in manufacturing employment on which so much GTA activity has traditionally been based. Furthermore, whilst the list might seem to indicate a lack of a coherent approach amongst GTAs overall, it should not be taken to suggest an absence of a strategic approach to organisational development at the level of the individual GTA.

Table 4.7: GTA activity to arrest decline/ grow	
	Percent (N=71)
Develop more courses	39.4
Promote training services to existing non-member users within core sector/region	32.4
Recruit more members within core sectors/ regions	31.0
Attract new non-member users	28.2
Sell consultancy services to members	21.1
Sell consultancy services to existing non-member users	21.1
Recruit more members from other sectors/regions	21.1
Sell consultancy services to new non-member users	21.1
Sought funding from LSC	19.7
Promote training services to existing non-member users from other sectors/ regions	19.7
Persuade members to train employees in non-core occupations	15.5
Sought funding from RDA	14.1
Persuade members to increase number of trainees in core occupations	11.3
Sought funding from government department	8.5
Sought funding from industry body	8.5
None	7.0
Other	39.4

4.61 ‘Other’ activities include: marketing campaigns/general increase in marketing activity, developing new facilities, increased staffing, finding other funding, encouraging more membership involvement, and reducing dependence on LSC contracts.

4.62 GTAs established during the 1960s were more likely to develop more courses and recruit more members from within their core region/sector. In contrast, those established since 1990 were more likely to promote training services to existing non-member users within their core region/sector, sell consultancy services to new non-member users, and develop more courses.

4.63 Of all of the activities listed above, most effort has been concentrated on developing more courses and recruiting more members within the GTA’s core sector/region, each cited by 17% of interviewees. The promotion of training services to existing non-members users within their core region/sector was cited by a further 13% of GTAs.

4.64 Somewhat ironically, given their training focus, the main barrier to expansion experienced by GTAs is problems recruiting staff, followed by lack of demand for training/other services, see Table 4.8. This lack of demand could be taken to indicate that employers have taken their business elsewhere. However, given the heavy bias amongst GTAs towards engineering and clear evidence of contraction within the sector, a more likely explanation would be that there has been an overall reduction in demand for training rather than a shift in demand from GTAs to other providers. Indeed, amongst those GTAs that were set up by an industry body (most commonly the EITB), the most frequently cited barrier to expansion was a lack of demand for training/other services (32%). In contrast, amongst those set up since 1990 (none of them by industry bodies) the most frequent response was competition from other providers (quoted by 44%).

4.65 It is interesting to note that although competition from other providers was seen as a significant barrier to expansion, GTAs did not identify it as one of the three most important. This may be because they believe that what they have to offer is either better or different to alternative provision, hence other providers are not viewed as much of a threat.

4.66 ‘Other’ barriers included: increased number of young people going to FE/HE, the general economic climate, downturn in industry, government subsidies to colleges, and constant changes in qualifications.

4.67 Amongst all GTAs interviewed, equal numbers quoted as the single most important barrier to expansion the lack of demand for training/other services and that their potential membership base is limited (11% each).

Table 4.8: Barriers to expansion experienced by GTAs	
Barrier	Percent (N=71)
Problems recruiting staff	25.4
Lack of demand for training/other services	23.9
Potential membership base is limited	19.7
Competition from alternative providers	16.9
Lack of finance	15.5
Lack of awareness of GTA amongst employers	12.7
Lack of capacity (equipment/ premises/ trainers)	11.3
No incentive to GTA staff to expand	7.0
Decline need for skills in which training is offered	4.2
Employers recruit or poach fully-trained staff	1.4
No benefit to GTA members from expansion	1.4
No obvious barriers	1.4
Other	42.3

4.68 Asked how the Government might support them, 47% of GTAs requested finance to assist them in expanding, whilst 24% requested finance to help them to survive, see Table 4.9.

Table 4.9: What GTAs consider to be useful Government assistance	
Assistance	Percent
Provide finance to help GTA expand	47.1
Help raise awareness of GTAs	29.4
Provide finance to help GTA survive	23.5
Help stimulate demand for GTA services	19.1
Help disseminate good practice	13.2
Don't want Government help thank you	7.4
Nothing	4.4
Other	35.3
Don't know	5.9

4.69 'Other' suggestions included: greater flexibility in the range of training that can be provided, levelling the playing field between different providers, increased flexibility in funding arrangements, grants for employers to encourage them to train, and employers being made aware of the benefits of training.

4.70 The single most useful thing that Government could do was most commonly quoted as being to help stimulate demand for GTA services, followed by provision of finance to GTAs and helping to raise awareness of GTAs.

5 CONCLUSIONS AND RECOMMENDATIONS

Defining GTAs

5.1 Given the variety of GTAs that exist, as described in the previous sections, it is not possible to generalise about GTAs as a whole. Furthermore, there is no generally-accepted definition of what constitutes a GTA, although an attempt is made to construct a set of defining principles below.

5.2 Consequently, this section focuses on those GTAs that remain true to the original principle of membership-based, employer-led training, with a particular emphasis on the ‘Demand-driven (Strategic)’ GTAs. As noted in section 3, only 13 out of the 78 GTAs interviewed were judged to be of this type - what this in effect means is that only roughly 15% of GTAs, based on the sample of just over half of all known GTAs, seem to operate in a fashion that may be regarded as coincident with ‘best practice’ GTA characteristics and behaviour.

5.3 While there are caveats about the typology identified in section 3, the basic demand-driven/supply-led axis still seems valid. As such, many of the following characteristics and behaviours are found on the demand-driven side of the axis.

5.4 GTAs are:

- membership based, not-for-profit companies limited by guarantee and with charitable status.
- able to demonstrate a high degree of employer engagement, with members drawn from either a specific sector or geographical area.
- run by their members and for the benefit of their members.
- willing to deliver training direct where it is in their members’ best interests to do so, and either signpost to other providers or deliver through other providers where more appropriate.
- fulfilling a role that other training providers cannot perform, or cannot do so as effectively as the GTA.

5.5 The added value of the best GTAs over training providers merely offering off-the-shelf training packages (though not necessarily true of all GTAs in comparison with all training providers) is that they can:

- provide employers with the services of a specialist training advisor on a cost-effective basis.
- offer experience and understanding of employers’ specific training needs.

- deploy full time training officers with experience of working in relevant industries/occupations, and whose time is dedicated to delivering work-based training.
- undertake recruitment and testing aimed at meeting employers' needs and which also match the aspirations of young people.
- translate employers' skills needs into a customised training package, based on their experience of the nature and level of training that is involved in developing those skills.
- customise NVQ frameworks to meet employers' (and especially smaller employers') needs.
- serve as an important interface between employers and colleges, and ensure that the training provided meets employers' needs.
- respond rapidly and flexibly to employers' needs, by providing training courses as and when required.
- encourage employers to view training as more integral to their company/staff development, and to focus more on younger members of staff.
- play a useful role in the development of young managers who become involved as Board members/Trustees, by exposing them to issues outside of their normal experiences.

5.6 Perhaps most importantly from members' perspective, is that they provide employers with a feeling of comfort. Employers feel reassured in dealing with an organisation with their interests at heart, and which delivers training that meets their needs and does not merely engage in training for training's sake. In this regard, some employers perceive that without their GTA they would face the options of having to train apprentices themselves (either unfeasible or costly), accessing poorer quality/more expensive training from other providers (if available) or not training at all. In addition, GTA members benefit from working with one another and from a unique relationship with their training provider. In many respects, it is said to be the 'intangibles' that create the value of a GTA.

5.7 What is apparent however is that employer perceptions of GTAs cannot easily be translated into quantifiable benefits arising from GTA membership. Whilst employers are appreciative of the roles played by GTAs in vetting apprenticeship applicants, delivering apprenticeships, providing other workforce training and providing consultancy services, they are unable to specify the extent to which their GTA has helped them to become more competitive. For their part, GTAs believe that they provide employers with training that they might not otherwise be able to access and which is delivered cost-effectively, aiding productivity and profitability. At a more strategic level, GTAs also believe that they engendered a greater commitment to training amongst their members than they might otherwise have had.

5.8 In addition, some of the conclusions of the cluster research work reviewed in Appendix 1 ought to be noted, in particular the findings that: there is no clear association between collaborative learning and cluster 'success', in terms of various factors including economic performance; and that there is little evidence of clusters of SMEs systematically engaging in high-level collective strategic learning behaviours. Hence, whilst the benefits of GTAs should rightly be acknowledged, so should their limitations.

5.9 There appears to be considerable scope for disseminating best practice much more widely. Whilst some GTAs network quite successfully, others appear to operate in virtual isolation. The expertise within GTAs needs to be networked more extensively, and the more specific the expertise the greater the need for more effective networking. The bodies representing/co-ordinating the interests of GTAs clearly have a role here, and there may be merit in a national structure that is more comprehensive in its coverage of GTAs than either of the existing lead bodies.

5.10 In addition, there is scope to reinforce employer engagement. As reported earlier, although GTAs tend to be employer-led, the primary role of Board representatives is to act as Trustees/Directors rather than shape the nature of training provided. Whilst the best GTAs ensure that what they offer is in keeping with employers' needs (e.g. through member surveys and member visits), others appear to have no formal mechanisms through which they engage with employers.

Supporting GTAs

5.11 GTAs' main requests for support from the Government related to finance, with the single most useful thing that Government could do thought to be helping to stimulate demand for GTA services,.

5.12 Whilst the nature of these appeals for support might be predictable – largely seeking more money and a boost to market opportunities – that does not necessarily make them invalid. Given the Government's commitment to encouraging employer-led training, there is a case for intervention to support existing GTAs and encourage the establishment of new GTAs in circumstances where a group of employers can demonstrate that their training needs cannot be met by other providers and there is no clear 'fostering' organisation that can lead in establishing a group training organisation. This may be because their remote location is inaccessible to other providers, because the quality of local training provision is poor or because the occupation-specific training demanded requires expertise that is beyond the capabilities of other providers. Put another way, without GTAs it would appear that some employers would be forced to train fewer people, to a lower standard, through poorer quality providers or not train at all.

5.13 Overall, the extent to which GTAs offer training that would not otherwise take place is difficult to judge. On the one hand a significant number of them (20%, Figure 2.2) were set up because there was no other provision, but 93% (Table 4.4) now compete with colleges. Many have entered non-traditional markets and have fared less well (a conclusion shared by Gospel and Foreman). It appears that over time more providers have entered the market, suggesting that in the absence of GTAs employers' needs could probably still be catered for. However, GTAs would argue that training provision does not always meet employers' requirements, and indeed 59% of GTAs claim that employers prefer them to other providers because of their ability to tailor their services to employers' needs. This is in

5.14 In any event, commercial training providers and colleges cannot necessarily be expected to fill the sorts of voids that would be left were GTAs to cease operating, and hence intervention may be justified in order to ensure that employers' skills needs continue to be met. The costs of not intervening include a loss of efficiency in businesses where workforce skills are not maximised, a loss of work by businesses unable to meet demand and employment opportunities not being taken up. Furthermore, as outlined below, GTAs could play an important role in helping the Government to meet its objectives in respect of lifelong learning, qualifications achievements and workforce development, as well as helping to address the Government's social inclusion agenda.

5.15 The types of training subcontracted and the numbers of trainees this involves also varies widely. It is not therefore possible to estimate the extent of any displacement effects that might arise from any government support given to GTAs rather than colleges. On the other hand, GTAs would argue that there is already displacement of their activities arising from government support for colleges which allows them to undercut GTAs in some instances. And to some extent, it is debatable whether some GTAs have displaced some of their traditional and effective areas of training in pursuit of funding objectives. There is clearly therefore a need to consider all forms of government support for all types of training provider to determine how level the playing field might be to begin with before any additional intervention is implemented.

5.16 Bearing in mind the differences between GTAs, more detailed consideration would need to be given to the types of organisation that ought to be supported by government. In this respect, guidelines might be derived from a combination of existing UK practices and the principles that underpin Australian models of group training. Such guidelines might require GTAs to:

- Have as their main function, the delivery of group training services driven by the needs and expectations of their members, other funders and apprentices/trainees.
- Demonstrate a clear sense of purpose and direction and promotion of ethical practices, accountability and responsibility in the development and provision of group training services, products and operations;
- Be not-for-profit.
- Be industry- or community-based.
- Be membership-based.
- Having as two thirds of board members employers who have requirements for skills in their business which match, at least in part, the training offered by the GTA.
- Demonstrate sufficient competent staff to develop, manage and administer the organisation and supervise training.
- Take all practical steps necessary to ensure the wellbeing and adequate training of apprentices/other trainees.
- Have sound financial, administration and client record management procedures in place.
- Agree to co-operate with any audit or evaluation undertaken by the Department for Education and Skills or its representatives.

5.17 In addition, GTAs might be encouraged/funded to do the following:

- Directly employ apprentices throughout their training period, and placing them with host employers.
- Have an apprentice rotation policy in place to ensure that apprentices obtain the necessary range of skills.
- Broaden their provision, thereby spreading risks across a greater number of activities, although not necessarily across a greater number of employers.
- Target employers, especially in small business, skills shortage areas and new industries/occupations.

5.18 Finally, it should be acknowledged that GTAs are but one form of group training organisation. These range from Chambers of Commerce to various types of large employer collaborations. Gospel and Foreman have carried out in-depth case studies of other forms of group organisation, concluding that there are real benefits to be gained by employers collaborating in the training market. Besides those benefits described above, relating to lower costs, higher quality and more direct relevance of training, Gospel and Foreman also highlight the potential of collaborative activity to mitigate or obviate barriers and externalities such as:

- the fear of poaching of trained workers;
- lack of information on training opportunities;

- risks to both employers and employees of undertaking training; and
- lower than desirable levels of training in transferable skills.

5.19 Equally, there may be potential disbenefits, and Gospel and Foreman allude to and discuss these, such as over-reliance on government funding; a supply-led imbalance of provision; and possible displacement of effective training and alternative provision.

5.20 However the general tenor of Gospel and Foreman's work is that multi-employer collaboration can have substantive benefits in terms of both the quantity and quality of training provision, borne out by both this and their analyses.

APPENDIX 1: BUSINESS CLUSTERS

Developing Learning Organisation models in SME Clusters

This project was funded by the European Commission's Community Research programme which runs under the banner of 'Improving Human Research Potential & the Socio-economic Knowledge Base'.

It found that although European small and medium enterprises (SMEs) account for 71% of European employment, individually, they are often unable to formulate detailed training strategies. The project looked at the role of SME clusters in organisational learning in the context of their training needs within over 300 SMEs and their respective clusters in Italy, Spain, France, Austria, the UK and the Netherlands. It analysed how learning needs are identified, how learning is organised and in what ways knowledge is acquired and redistributed.

Three main levels of organisational learning were identified which encapsulate varying combinations of formal and informal learning activities: -

i. Information gathering – The lower level data monitoring, acquisition and management intended to ensure that an enterprise remains aware of changes and developments in the markets in which they operate.

ii. Knowledge acquisition – A process whereby enterprises define, acquire the skills, know -how and strategic intelligence necessary to carry out day-to-day activities.

iii. Competence consolidation and development – A process whereby existing information and knowledge is converted into learning (through, for example, identifying skills deficits, acquiring new knowledge through training and collaboration)

Based on the inter-relationship of these levels of "organisational learning", five main types of SME characteristics were identified: -

i. "Crisis Driven"- describes a high proportion of very small enterprises and new start-ups that respond to challenges and opportunities, their decision-making strategies are shaped by a dominant personality and do not have industrial relationships.

ii. "Endogenous" - are generally larger enterprises. Their focus for learning is on knowledge acquisition processes and behaviours derived from in-house practises. This knowledge is acquired through mentoring, on-the-job training and “head hunting”. They are also disengaged from industrial relationships.

iii. “Exogenous” - are outward looking. They develop their skills base through external sources of expertise i.e. training courses. Their strategic management practices focus on systematic competence development of a continuing training basis using specialised training providers. They opportunistically use local networks.

iv. “Embedded - Information Centred” – are highly embedded within local industrial relationships; use community bases networking for intelligence gathering, knowledge acquisition and consolidation and enhancement of skills; have limited organisational learning, which utilises community, informal and family networks.

v. “Embedded - Competence Centred” are similar to “Information Centred” except they use formalised practises and processes for competence development and their strategic practises are largely confined to informal information gathering.

These findings resulted in five main “cluster” types being identified: -

vi. Porterian[7] - situated in a clearly defined historical and cultural industrial relationship with collaborative networking between SMEs in similar markets. Governance structures are flexible.

vii. Segmented Porterian - similar to above but interactions between SMEs are shaped by differentiation in producer-supplier relations and different market positions and niches. Networking is by loose associations with a central figure, association or service base and the governance structure is more formal.

viii. Interlocking - work to forge links of common interest within the local economy. Networking is diverse and ranges from loose interest groups formed for promotional purposes to professional associations with a common project.

ix. Induced Partnership - is formulated by external agencies (non-community based), which co-ordinate organisational learning within the cluster. Development agencies provide communications and decision-making structures which central services can support.

[7] Named after Michael Porter, the academic most closely associated with the modern development of cluster theory

x. Virtual Cluster – is a national network of family enterprises bound by common history and objectives, with entrepreneurial decision-makers playing the dominant role. Alternatively, it can have a common activity base linked through an information and communication technology infrastructure. However, virtual clusters are not confined to internet-based organisations.

Based on the individual SME and SME clusters studied the following conclusions were reached: -

- There is no clear association between collaborative learning and cluster ‘success’, in terms of various factors including economic performance.

- There is little evidence of clusters of SMEs systematically engaging in high-level collective strategic learning behaviours.

- The existence of a territorially, culturally or institutionally bounded cluster does not imply that constituent SMEs within that cluster engage in ‘organisational learning’ or that the cluster is an aggregated ‘learning organisation’.

- There is no one ‘cluster’ model, clusters have either evolved through time or have been induced by institutional intervention.

The project culminated in the following recommendations which focus on developing guidelines and practical tools to promote organisational learning in SMEs and SME clusters: -

(a) SMEs need carefully targeted “formal” and “informal” training and support networking strategies in the context of the various types of learning behaviours they exhibit and in line with the three main constituent components of ‘organisational learning’ - information gathering, knowledge acquisition, competence consolidation and development.

(b) There is a need to raise awareness amongst SMEs of the need to balance these three different components of ‘organisational learning’ in their human resource development planning and management.

(c) As a large proportion of SMEs are in ‘crisis management’ rather than pro-active learning situations they need to be encouraged to adopt a more participative style of collective learning. Support services need to be provided and resources pooled.

(d) The lack of competencies in marketing and multi-job skills in small enterprises needs to be addressed.

(e) The lack of expertise in skills auditing amongst SMEs, their support organisations and regional development agencies needs to be addressed by developing a ‘skills evaluation culture’.

(f) A European Skills Accreditation System should be established to homogenise the features and needs of SMEs.

(g) Local clusters should be encouraged to act as the “hub” of the European Accreditation System.

(h) SMEs should be encouraged to promote the value of capturing on the job experience; to promote competence standards for their local cluster and contribute towards the accreditation of informal competence development.

UK Research/Policy

The Competitiveness White Paper published in December 1998, *‘Our Competitive Future: Building the Knowledge Driven Economy’* identified clusters and networks as a pivotal area of economic development. The White Paper highlighted the fact that business growth is strongest when firms create a critical mass of competition, collaborate and instigate opportunities for investment and knowledge sharing. This understanding has subsequently been applied by Regional Development Agencies (RDAs) in their Regional Economic Strategies, first published in the late 1990s and since updated and revised. Many of these strategies featured the identification and development of regional clusters as key issues to be addressed.

At the end of 1999 Lord Sainsbury was asked to set up a high-level Clusters Policy Steering Group. The group, composed of Government officials, RDAs, academia, the private sector and other cluster experts, has a remit to identify barriers to the development and growth of clusters and to recommend appropriate new policy initiatives to Cabinet. The work was informed by the first UK-wide systematic study of existing clusters: *‘Business Clusters in the UK; A First Assessment’***,** published by the DTI in February 2001. This report paralleled a follow-up to the 1998 White Paper by the DTI and DfEE: *‘Opportunity For All in a World of Change’*. This second White Paper recognised the key role clusters development could have on regional economies, encouraging RDAs to develop existing and embryonic clusters in their region by building on their natural regional capabilities.

The research was guided by Michael Porter's definition of an 'industrial cluster' as being ‘Geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also co-operate’ (‘Clusters and the New Economics of Competition', 1998), Porter's identification of contemporary local agglomerations has been extremely influential, with his term 'industrial cluster' becoming the standard concept in this field. Porter's work has been one of the major factors stimulating this policy debate. His work suggests that Governments and other policy bodies may have a role to play in facilitating and supporting the development of industrial clusters. Governments can help to provide the business, innovative and institutional environments vital for cluster success.

Porter's concept of 'cluster' originated in his comparative work on international competitiveness, 'The Competitive Advantage of Nations' (1990), which argues that the leading exporting firms in a range of different countries are not isolated success stories but belong to successful groups of rivals within related industries. According to Porter, clusters emerge out of the factors that create competitive advantage. He believes that four factors are critical to the successful formation of a cluster:

- factor conditions, or the availability of such resources as infrastructure and skilled labour;
- demand conditions, or the existence of a proven high level of demand for a particular product or service;
- the presence of suppliers, distributors and other related companies which can interact with the cluster companies and enable them to operate effectively;
- similarity among cluster companies in terms of strategic purpose and organisational structure

Porter's more recent work has continued this theme, arguing that while co-location is not sufficient for cluster formation, it intensifies the power of domestic competition which is the major spur to continuous innovation and improvement.

Business Clusters in the UK - A First Assessment

The report sought to map existing cluster activity in the UK and investigate the extent and potential benefits of clusters to the UK economy. The report charts the historical notion of the benefits of cluster activity back more than one hundred years to Alfred Marshall who argued that Britain's economic growth and leadership during the 19th century was founded on the development of several examples of localised industries. The report analyses the developments in theory and in particular Michael Porter's identification of contemporary local agglomerations, based on a large-scale empirical analysis of the internationally competitive industries for several countries leading to Porter's term 'industrial cluster', which has become the standard concept in this field.

The report raised the issue of 'national' and 'regional' clusters' whereby a cluster in a particular sector may be deemed significant at the regional level in terms of its share of regional employment for example, but insignificant in terns of national employment distribution. In these terms, a national cluster will have one or more significant regional concentrations. At the same time there may be small local groupings that, though insignificant in terms of scale, local agencies may hope to develop for strategic or other reasons.

The research identified a total of 154 clusters covering a very wide range of sectors and technologies, including agriculture and food processing, metals, automotive, ICT, biotechnology, financial services, tourism and Internet services. It was however seen very much as a ‘first assessment’ with many of the case studies, on closer examination, leaning more towards concentrations of industries rather than clusters with functioning links.

The research revealed a relatively large number of clusters in London and the South East, possibly reflecting the size of the economies. The clusters in the smaller regions tended to be more shallow, with the size of the region typically impacting on cluster depth and not the number of clusters. Broadly, the clusters in the North were found to be mainly manufacturing-based (e.g. automotive, textiles, and metals) whilst those in the South were more service-based (e.g. software, business services, and R&D).

The research reveals the extensive yet varied nature of clusters in the UK from the ‘unique’ clusters found in just one region, e.g. nuclear fuel processing in the North West and ceramics in the West Midlands, to clusters that appear in several regions, such as financial services and ICT. Further, although clusters have the same name they may in practice be very different with different core industries and varying strengths of linkages and interdependencies. Clusters may also vary in size across the country, one of several variables that are not discernible from the map.

The report does not provide a perfect picture of the significance of clusters within regions. A low proportion of employment in some regions may not be indicative of weak cluster but rather reveal a localisation of small employers and/or capital intensive working. The nature of the clusters and their significance for regional economic development are issues highlighted by the research.

The report also classifies clusters according to their stage of development, depth, (based on the mix and range of industries present in the cluster); dynamic (based on employment growth) and significance (based on regional discussion), analysis of the UK's globally competitive industries and judgement (for example, international or regional).

The results indicate that the London, South East and Eastern regions are the only regions with overall cluster job creation performance significantly above the regional average. The research suggests that the deepest clusters or those with the most industries and institutional and other linkages often perform the best, with the best examples found in London and the South East. The strongest UK cluster is financial services in London followed by ICT/electronics in Eastern, antique dealing in the South West, aerospace and perfume/toiletries in the East Midlands, automotive in the West Midlands and tourism in Scotland.

The report highlights a number of clusters that are in decline or mature and shallow. These include shipbuilding in Northern Ireland, agriculture in Wales and clothing in the North East. There are also examples of traditionally strong clusters with deteriorating linkages including footwear in the East Midlands and agriculture/food in Yorkshire and Humberside. Newly forming or embryonic clusters include opto-electronics in Wales, TV/digital media in the South West, biotechnology in Scotland and Wales together with creative industries in several regions.

<u>Casting Skills Centre Networks and Clusters</u>

In 1999, the Department for Education and Employment (DfEE) published a report highlighting that more could be done to encourage groups of SMEs to work together to meet their skills needs. It identified that clusters and sectoral networks are an important way in which business can build advantages through knowledge and skills.

The Casting Skills Centre embarked on a project which piloted this approach. Entitled, “Training Network and Clusters for Engineering Technicians in SMEs”. It aimed to improve the technical and managerial skills of engineering technicians and to encourage collaboration between SMEs employing engineering technicians with similar training needs.

> Four cluster groups were developed (North East, Yorkshire & Humber, West Midlands, South) each comprised of 50 SMEs, with possible wider support from medium sized and larger businesses. Each cluster is defined loosely as a geographical concentration of interdependent businesses. It was envisaged that through the cluster network, firms would collectively determine the training and development that is needed by their businesses

Recent UK Government Policy Responses

In 2000/2001 the DTI established a £15 million Innovative Clusters Fund (ICF) as a pioneer funding stream to Regional Development Agencies (RDAs) to promote cluster development and business incubation in the regions. In 2001/2002 the DTI provided a further £35 million to the RDAs, as part of its Regional Innovation Fund (RIF) to carry forward and progress their initial proposals. From 2002/2003, the RIF has been subsumed within the 'Single Pot' funding arrangements for the RDAs.

GTAs

Examples of cluster/collaboration activity amongst GTAs include the 'Engineering Federation', which consists of seven GTAs in the South East of England specialising in work-based engineering training. They are:

- ISIS Training Services Ltd;
- Aylesbury Industrial Group Training;
- Basingstoke Engineering Training Association;
- Bedford Training Group;
- Milton Keynes Industrial Training Group (now part of Milton Keynes College);
- Southampton Engineering Training Association; and
- West Anglia Engineering Training Association Ltd.

The group meets approximately four times a year and is currently chaired by ISIS Training Services Ltd which co-ordinates the Federation's activities. Discussions cover a wide range of issues concerning engineering training provision with the objective of sharing best practice. The meetings are reported to be very useful, especially in times of change for the sector e.g. the implications of the transition from TECs to the LSC. The series of meetings has propagated further collaboration between GTAs, most notably between internal verifiers in order to develop best practice in this area.

A second example of collaborative working practices between GTAs concerns a group of four GTAs based in West Yorkshire. The group consists of:

- Keighley & District Training Association
- BTAL (UK) Ltd
- Kirkdale Industrial Training Group Ltd
- Leeds Training Trust

The four GTAs seek to avoid poaching one another's business and look to develop a co-ordinated service provision. Meetings are held on a monthly basis with discussions focusing on benchmarking training provision, highlighting funding opportunities/arrangements and transferring best practice.

APPENDIX 2: SUPPORT FOR GTA ACTIVITIES

Notwithstanding the general support for the principle of employer-led training articulated in a number of DfEE/DfES publications and Ministerial statements, a number of other documents were reviewed in order to determine the extent to which GTAs and/or the concept of employer-led training featured within them. The documents reviewed covered:

- Sector Workforce Development Plans
- Skills Strategies and Action Plans
- Skills Development Fund Projects
- Local Initiatives Fund Projects

Sector Workforce Development Plans

NTO Sector Workforce Development Plans (SWDPs), are developed by employers and other key stakeholders in each sector and highlight relevant issues and key priorities. Although it was not possible to review very many Sector Workforce Development Plans, none appeared to distinguish between GTAs and other training providers when it came to identifying prospective partners for carrying forward proposed actions.

Skills Strategies and Action Plans

Reviews of a number of Skills Strategies and Action Plans, prepared by or on behalf of the English Regional Development Agencies were undertaken. Whilst few of the Skills Strategies and/or Action Plans mention Group Training Associations by name, many of them allude to the principle of employer led training and seeking to encourage closer links between employers and training providers. The key points as they relate to GTAs are summarised below.

East of England Development Agency (EEDA)

In assessing the barriers to be faced by employers, two of the issues highlighted are problems accessing finance and poor networking between employers. In the context of this research, potentially relevant projects in the Action plan include:

- the establishment of links between all providers and key sector groups; an audit of barriers to learning and training within key sectors; and research to identify the learning needs of micro-businesses and the self-employed; and

- initiating an active and ongoing dialogue between businesses and post-16 learning and HE providers as well as identifying common cross sector needs.

South East England Development Agency (SEEDA)

The Action Plan highlights a number of specific skill shortages affecting performance in specific industries and the failure of many training schemes to take account of long-term skills gaps. In addition, SEEDA suggests that flexibility will be essential and partnerships between government, employers, learning providers and voluntary agencies must be developed, that can quickly respond to changes in skill requirements and manage these changes as they occur. Specifically this means that businesses need to be committed to investing in the skills and potential of their workforce and for learning providers that solutions must be demand-led.

There is a stated aim to engage employers in both influencing learning provision and the delivery of learning opportunities; and develop high quality provision that meets and adapts to the needs of key sectors. A key action in the medium term is to establish business led sector networks to articulate skills priorities and find innovative solutions to skills and recruitment issues.

North West Development Agency (NWDA)

With regard to future sector support, an agenda for action has been designed which, amongst other things, seeks to support the delivery of training programmes through the establishment of group training organisations and promoting SME collaborations to develop workforce development strategies.

Yorkshire Forward

The initial Skills Action Plan produced in 1999, highlighted 6 key challenges which reflect the priorities of the region, which included the development of flexible and responsive education and training provision. A recent update highlights the importance of effective partnerships between communities, providers and employers as vital. Priority actions include improving links between education and business, stimulating the development of employer and sector workforce development plans and facilitating the development of more accessible intermediate level training for employed and self-employed people.

One NorthEast

The vision set out in the Skills Strategy recognises that learning provision must become more closely aligned with the demands of business at all levels of skill development. The Strategy also highlights the region's "many successful group training organisations where employers both large and small can develop staff in a cost effective way to meet the skills needs of their sectors."

The Strategy seeks to ensure delivery of quality provision at a time, place and price, and by a means which meets the needs of the customer, widens participation and raises achievement. In doing so, it aims to ensure direct employer influence over the provision of supply.

East Midlands Development Agency (EMDA)

Priorities set out in the Action Plan include a study to examine apprenticeship type models for the same target group in key sectors.

Advantage West Midlands

In setting out the West Midlands training and education infrastructure, the Plan highlights the seven Group Training Associations in the region and in conjunction with the other private training providers sees their role as important in delivering appropriate training to learners and businesses. It goes on to state an aim to encourage closer co-operation and interaction between business communities and education/training providers. To this end it posts an intention to develop business networks to share good practice and improve understanding between training providers and employers and establish innovative projects to develop more responsive training provision.

Skills Development Fund

In several parts of the country Skills Development Funds have been granted to support the development of GTAs, to provide resources for GTA-led initiatives and to promote employer-led training.

> In one part of the country the Skills Development Fund has been used to develop region-wide employer led frameworks for future investment in workforce development in the construction, creative industries and tourism sectors

> One GTA is leading on the development of approaches to raising the level of skills and qualifications in manufacturing. The project aims to extend the development of accredited bespoke training at professional, technician and operative level for SMEs

In the South West Skills Development Fund projects to date have included a number which are sectorally focused and have employer involvement (through NTO representation), covering aerospace, biotechnology, food & drink, ICT and tourism.

> One supply chain project aims to develop a programme that will result in the identification of the skills needs of the sector and its generic supply chains and will provide the awareness, training and skills enhancement to meet those needs.

One GTA engaged in a successful joint bid a local college in securing Skills Development Funding for an engineering centre of excellence.

<u>Local Initiatives Fund</u>

Only one example was uncovered of a GTA making a successful application to its local LSC office for funding under the Local Initiatives Fund (LIF)

In conjunction with local secondary schools, one GTA, has secured LIF funding to examine the potential for joint working in the delivery of vocational training in engineering & ICT/Student Apprenticeships. The project aims to establish vocational learning opportunities for students studying IT, Engineering and other related subjects.

APPENDIX 3: LIST OF GTAS BY REGION

GO Region / Country	Company Name
East	Bedford Training Group Limited
East	EAGIT Limited
East	Eastern seafish training association
East	Essex Motor Industry GTA
East	Havering GTA Ltd
East	HGTA Ltd
East	Metcom Training
East	North London Garages GTA
East	Prospects Training
East	Saxon Training Limited
East Midlands	EMTEC Ltd
East Midlands	Leicestershire Engineering Training Group Limited
East Midlands	Nottingham Engineering Training Association Limited
East Midlands	Nottingham Motor Trade GTA Limited
East Midlands	SNTA Education Training Development
East Midlands	Webs
East Midlands	West Anglia Training Association Limited
London	BFM
London	East Berks Motor Trade Consortium Ltd
London	Greater London Seafish Training Association
London	HECTA Limited - Heathrow Training
London	Inner London Training Group Limited
London	Thames Valley Chamber Training Ltd
London	The Chartered Surveyors Training Trust
London	West London Garages Training Association
North East	Anglo-Scottish seafish Industry group training association
North East	Cleveland Training Centre LTD
North East	METCOM Limited
North East	NETA Training Group
North East	South West Durham Training Limited
North East	Sunderland Engineering Training Association Limited
North East	TTE Management & Technical Training Ltd
North East	Tyne North Training
North West	Alliance Learning Limited
North West	Fylde Training
North West	Gen II Engineering & Technology Training Ltd.
North West	Lancashire Growers Training Group
North West	Manchester Engineering Group Training Association
North West	NLTG
North West	North Lancashire Training Services
North West	North West Sea Fish Industry Training Association
North West	North West Training Council

North West	Oldham Engineering Group Training Association Limited
North West	OTC
North West	Pendle Training
North West	Rochdale Training Association Limited
North West	Salford & Trafford Engineering Group Training Asso
North West	SETA Training and Advisory Services Limited
North West	STEGTA
North West	Stockport Engineering Training Association
North West	The Laird Foundation
North West	Training 2000 Ltd
North West	Warrington Industrial Training Trust Limited
Northern Ireland	Sea Fish Industry Training Association (Northern Ireland) Ltd
Scotland	Angus Training Group Limited
Scotland	Border Engineering Training Association
Scotland	East Kilbride & District EGTA
Scotland	Edinburgh & District Engineering Training Association Limited
Scotland	Fish Industry Training Association (Highlands & Islands)
Scotland	Glasgow Training Group (Motor Trade) Limited
Scotland	MET TECH
Scotland	Metcom/SITMS
Scotland	MetTECH
Scotland	Mettech Scotland (Midscot Training Services)
Scotland	North East Fishermen's Training Association
Scotland	Oriel Training Services
Scotland	Orkney Fisheries Training Association
Scotland	Paisley & Johnstone Training Group Limited
Scotland	Peterhead & District GTA
Scotland	S I T M S - METCOM
Scotland	Scottish Fish Merchants Group Training Association
Scotland	Scot-West Training Services Limited
Scotland	Shetland Fisheries Training Association
Scotland	Tullos Training Ltd
Scotland	West of Scotland Seafish Training Association
Scotland	Western Isles Sea Fisheries Training Association
South East	Aylesbury Training Group
South East	BETA Limited
South East	ISIS Training Services Limited
South East	Isle of Wight Industrial Group Training Services
South East	Kent Industrial Training Association Limited
South East	PETA Ltd
South East	Portsmouth ETA Limited
South East	SETA Limited
South East	SIGTA Limited
South East	South East Furniture Training Association Ltd. (SEFTA)
South East	West Berkshire Training Consortium
South West	Avon Vale Training Limited

South West	Bristol & Western Engineering Manufacturers Association Limited
South West	Brunel Training Group Limited
South West	ETS (Training)
South West	Gloucestershire Training Group Limited
South West	Group Training and Development (ND) Limited
South West	ITE Ltd
South West	Plymouth Engineering Group Training Scheme Limited
South West	Southern Fish Industry Training Association Ltd
South West	Western Training Association
South West	Wiltshire Transport Training
Wales	AMS
Wales	Head of The Valley GTA
Wales	Midcast Engineering Wales
Wales	Myrick Training Services
Wales	Newport & District Group Training Association
Wales	Pembrokeshire Training Group Limited
Wales	Training Services (Wales) Limited
Wales	TRW Automotive
Wales	Welsh Sea Fish Industry Training Association Ltd
West Midlands	Acorn
West Midlands	Birmingham Automotive GTA Ltd
West Midlands	Birmingham Gta (In-Comm Business Services Ltd)
West Midlands	Camp Lane Development
West Midlands	Cannock GTA Ltd
West Midlands	D Leonardt & Co. Limited
West Midlands	Group maufacturing association (In-Comm Business Service Ltd)
West Midlands	Herefordshire GTA Limited
West Midlands	In-Comm Business Service Ltd
West Midlands	Kidderminster & District Training Co Limited
West Midlands	Mercia Training Limited
West Midlands	Metcom Training - Dudley
West Midlands	Midland Group Training Services Limited
West Midlands	Midlands Seafish Industry Training Association
West Midlands	Midshire Training Services Limited
West Midlands	NITAL Castle Management
West Midlands	North Staffs Engineering Group Training Limited
West Midlands	Performance Through People
West Midlands	Safety Management Group Training Association
West Midlands	Sandwell Training
West Midlands	SEGTA Management Services
West Midlands	Solihull Training Group
West Midlands	South Staffordshire Training Association Limited
West Midlands	Warwickshire Group Training Association
West Midlands	West Midlands Group Training Association
Yorkshire and the Humber	BTAL (UK) Ltd.
Yorkshire and the Humber	City Centre Training

Yorkshire and the Humber	Derwent Training
Yorkshire and the Humber	Derwent Training Association
Yorkshire and the Humber	Doncaster Rotherham & District Motor Trade
Yorkshire and the Humber	Huddersfield & District Textile Training Co Ltd
Yorkshire and the Humber	Hull Fishing Indusry Training Association
Yorkshire and the Humber	Humberside Engineering Training Asociation Limited
Yorkshire and the Humber	Keighley & District Training Association Limited (KADTAL)
Yorkshire and the Humber	Kirkdale Industrial Training Services Limited
Yorkshire and the Humber	Leeds Training Services Limited
Yorkshire and the Humber	Leeds Training Trust
Yorkshire and the Humber	NLT Training Services
Yorkshire and the Humber	North Humberside Motor Trade GTA
Yorkshire and the Humber	Radcliffe & District Training Association Ltd
Yorkshire and the Humber	SECAS Training Association
Yorkshire and the Humber	South Pennine Group Training Services
Yorkshire and the Humber	Yorkshire & Humber Ports Group Training Association

APPENDIX 4: TELEPHONE SURVEY OF EMPLOYERS

Profile of Employers Responding

Table 1: Year of Establishment		
Year Established	Frequency	%
<1900	6	8
1900-1919	4	6
1920-1939	11	16
1940-1959	10	14
1960-1979	12	17
1980-1999	26	37
2000-2002	2	3
Total	71	100

Table 2: Number of Employees		
Number of Employees	Frequency	%
1-19	18	25
20-99	20	28
100-199	13	18
200-499	7	10
500-1000	8	11
1000+	5	7
Total	71	100

Table 3: Distribution of Respondents by GTA		
GTA	Frequency	%
SETA	19	27
Webs	15	21
Brunel	13	18
BETA	10	14
Leeds Training Trust	6	8
North Humberside Motor Trades	3	4
Lancashire Growers	3	4
North Staffordshire Engineering	2	3
Total	71	100

Table 4: AMA Frameworks		
Framework	Frequency	%
Engineering	27	55
Electrical/Electronic	5	10
Technical	4	8
Furniture Making	3	6
Administration	2	4
Business	2	4
Design	2-	4
Metal Work	2	4
Horticulture	1	2
Total	49	100

Table 5: FMA Frameworks		
Framework	Frequency	Number
Engineering	11	29
Furniture Maker	8	21
Upholstery Technician	5	13
Maintenance	5	13
Metal Work	4	11
Electrical	4	11
Information Technology	1	3
Total	38	100

Use of GTAs

Recruitment of Apprentices

- 39 (55%) employers use the GTA for recruitment of apprentices.

- 35 (49%) employers said that the GTA did initial selection of apprentices for them, either by advertising/ interviewing / testing candidates and sending the company a selection of the best, or by simply sending the company a (short) list of available apprentices for them to interview. In the majority of cases, the employer then conducted a final interview with the candidates and selected the most appropriate. Only one employer said that the GTA was responsible for the entire recruitment process.

- 4 (6%) employers said that they have their own apprenticeship recruitment drives to supplement those carried out by the GTA.

- 13 (18%) employers recruit apprentices themselves (predominantly through advertising in local press, but also through New Deal, local schools and the Careers Service). 2 (3%) employers recruited internally.

- Of the 25 (37%) employers that use other/additional methods to recruit all staff they cited word of mouth, speculative enquiries and in-house HR departments as their main method of recruitment.

- 29 (41) respondents said that they had problems recruiting staff, whilst 11 (16%) said they had problems retaining staff. The reasons for problems included: a tight labour market in South Eastern locations, poor quality candidates, industry specific skills shortages, poor perceptions of the quality of employment and the level of pay available within particular sectors, poaching of apprentices and the general fickle nature of young people who have just left school.

Involvement with GTA

Table 6: Length of Membership		
Length (Years)	Frequency	%
0-2	10	18
2-5	9	16
6-10	6	11
11-20	5	9
21-50	6	11
Don't Know	19	35
Number	55	100

N.B. Don't know often said in context of being a significant time previous.

Table 7: How Employers became involved with GTA		
How Employers became involved with GTA	Frequency	%
Long relationship with GTA	24	34
Helped to establish the GTA	8	11
The GTA approached the company	8	11
Information from the LSC	2	3
Another Source (i.e. word of mouth, industry contact.)	18	26
Don't Know	11	16
Total	71	100

- 17 (24%) of employers had other involvement with the GTA.

- Most respondents were unsure/unwilling to give an indication of what fees they pay to be members of the GTA. Prices cited included: from £3.50-£5.50 per week, a monthly fee of £17-£35 per apprentice, a member fee of £150 per year, £4,000-6,000 per apprentice, £250 per quarter, £1,000- £2,000 per year, and £50-60 per year. Only three respondents were sure that they were entitled to member discounts.

Training of Workforce

- 19 (27%) of employers said that the GTA identified the training needs of their employees. 31 (44%) of employers identify the training needs of employees 'in-house'. 19 (27%) said that training needs are identified collaboratively between the GTA and the company itself.

- 26 (37%) employers said that all training was done through the GTA.

Table 8: Where information is sourced on training of employees		
Source	Frequency	Total
GTA	40	48
Internal Sources (e.g. HR dept.)	23	28
Local Educational Facilities	15	18
Learning and Skills Council	3	4
Don't Know	2	2
Total	83	100

Table 9: Factors Important in Selecting a Training Provider		
Factor	Frequency	%
Quality	33	29
Industry Specific Training	23	20
Cost	17	15
Location	12	11
Reputation	8	7
Flexibility	5	4
Other	6	5
Don't Know	10	9
Total	114	100

Table 10: Positive Aspects of working with a GTA		
Positive Points	Frequency	%
Increased Efficiency	27	22
They are helpful	25	20
Specialist knowledge of the industry	21	17
Reduced recruitment costs	17	14
Quality of Training delivered	15	12
Wider variety of resources	8	6
Nearby Location	8	6
Helps overcome the limitations of a small company	2	2
Other	1	1
Don't Know	1	1
Total	125	100

- In addition, 3 employers highlighted the rapid response of the GTA in adapting to their needs and providing training courses as and when required.

- Of the 18 (25%) employers suggesting there were negative points associated with GTAs, the most common response was poor administration (cited by 8 employers), followed by too much bureaucracy (cited by 6 employers) and location (3 employers). However, none of the criticisms were made strongly.

- Employers were asked how aware they were of training providers within their area, 25 (35%) described themselves as 'not very aware', 16 (23%) suggested that they were 'reasonably aware' or had an 'average knowledge', 25 (35%) said they were 'not very aware'. The remaining employers were unsure of their response.

- When asked about formal qualifications available from their GTA other than NVQs, 10 (14%) mentioned the City & Guilds and European driving license. Over half of the responses indicated there were no other qualifications available and the remaining 27 (39%) didn't know.

- One company said that they had learnt a lot from their involvement with their GTA and had begun to see training as more integral to their company/staff development. Another company said that they had begun to focus more on the younger members of staff.

- 28 (39%) employers said that the GTA offered workforce development, 30 (42%) said the GTA does not, and 13 (18%) were unsure. Of those that said the GTA did offer workforce development, they cited Health and Safety training, management training, information technology, sales training, and industry specific skills.

- When asked who workforce development was aimed at 27 (38%) employers said it was across the board, 4 (6%) said it was mainly 'shop floor' engineers etc, 3 (4%) employers said it was aimed at young people, and 3 (4%) said it was aimed at managerial level.

Other Comments

- One employer said that they would like to see more young people train through a GTA.
- Employers tended to be extreme in their views- either really happy or really disappointed with the service received, with the majority falling into the former category.
- A few employers mentioned they would like to see the role of the GTA expanded to include some form of personal development. This could be used to give the apprentices focus, discipline and aspirations within their chosen career.
- One employer made reference to the demographics of the employees within their GTA. They stated that they were more than happy with the service they had received but that they had concerns regarding the future supply of GTA employees with a "wealth of experience".

APPENDIX 5: NUMBER OF GTA TRAINEES BY TYPE OF TRAINING

GTA	New Deal	FMAs	AMAs	Other NVQ	Other	Total
Avon Vale	0	15	230	0	0	245
BETA	0	0	90	0	n/s	90+
Brunel Training	0	100	250	50	3000	3400
Derwent Training	0	0	65	0	0	65
EAGIT	0	17	54	0	0	71
GEN II Engineering & Technology Training Ltd	0	75	236	21	n/s	332+
Herefordshire Group Training Association	0	87	94	0	50	231
Hull Fishing Industry Training Association	-	-	-	-	-	-
Kidderminster Group Training	0	30	50	15	n/s	95+
Laird Foundation	12	0	97	48	n/s	157+
Lancashire Growers Training Group	8	13	2	0	200	223
Leicester Engineering Training Group	0	38	160	18	40	256
Manchester Engineering Training Association	0	250	350	15	0	615
North Humberside Motor Trades	0	0	164	0	0	164
Salford & Trafford Engineering GTA	0	3	82	4	3	92
SEGTA Management Services	0	27	48	10	0	85
SNTA	40	85	151	136	269	641
Training 2000	20	400	600	200	40	240
Warwickshire Group Training Association	0	16	49	0	0	65
WEBS	0	80	3	30	0	113
West Berkshire Training Consortium	0	139	58	3	0	200
Yorkshire & Humber Ports GTA	0	1	0	1	360	362
Total	80	1376	2833	551	3962+	8802

APPENDIX 6: GTA TELEPHONE SURVEY RESPONSES

When the GTA was established		
Date	**Frequency**	**Percent**
1960-1970	44	56.4
1970-1980	7	9.0
1980-1990	11	14.1
1990-2002	9	11.5
Don't know	6	7.7
Total	78	100

Why GTA was set up		
Reason	**Frequency**	**Percent**
Other provision not directly meeting employers' needs	29	38.7
Industry body set it up	23	30.7
No other provision	15	20.0
Other provision poor quality	2	2.7
Other provision too costly	1	1.3
Don't know	5	6.7
Other	18	24.0
Total	93	-

Number of people employed full time		
Number	**Frequency**	**Percent**
1-5	18	24.7
6-10	16	21.9
11-20	16	21.9
21-50	12	16.4
51-100	7	9.6
101-200	2	2.7
201+	2	2.7
Total	73	100.0

Number of people employed part time		
Number	Frequency	Percent
1-5	36	81.8
6-11	5	11.4
11-20	1	2.3
21-50	1	2.3
51-100	1	2.3
Total	44	100.0

Legal Status of GTA		
Legal Status	**Frequency**	**Percent**
Private limited company	23	29.5
Private limited company with charitable status	20	25.6
Charity	16	20.5
Other	9	11.5
Don't know	10	12.8
Total	78	100.0

Number of Members Using Services		
Number	**Frequency**	**Percent**
1-5	3	5.3
6-10	5	8.8
11-20	7	12.3
21-50	15	26.3
51-100	15	26.3
101-200	6	10.5
201+	6	10.5
Total	57	100.0

Number of Non Members Using Services		
Number	**Frequency**	**Percent**
0	1	1.4
1-5	2	2.9
6-10	1	1.4
11-20	4	5.8
21-50	15	21.7
51-100	9	13.0

101-200	13	18.8
201+	23	33.3
Don't know	1	1.4
Total	69	100.0

Regions in which GTA operates		
Region	Frequency	Percent
Scotland	21	12.9
North West	18	11.0
West Midlands	14	8.6
Yorkshire and Humber	14	8.6
South East	13	8.0
South West	13	8.0
Wales	13	8.0
East	12	7.4
East Midlands	12	7.4
London	12	7.4
North East	11	6.7
Northern Ireland	9	5.5
Other	1	0.6
Total	163	100.0

Services provided inside core region		
Service	**Frequency**	**Percent**
Apprenticeship training	73	97.3
Workforce development	59	88.1
Consultancy services	51	100.0
Total	183	-

Services provided outside core region		
Service	**Frequency**	**Percent**
Apprenticeship training	25	89.3
Workforce development	19	90.5
Consultancy services	17	100.0
Total	61	-

Market share in apprenticeship training		
Market Share	**Frequency**	**Percent**
0-20	18	32.1
21-40	5	8.9
41-60	11	19.6
61-80	12	21.4
81-100	10	17.9
Total	56	100.0

Percentage of members using other providers		
Percentage using other providers	**Frequency**	**Percent**
0-10	21	65.6
11-20	3	9.4
21-40	2	6.3
41-60	2	6.3
61-80	2	6.3
81-100	2	6.3
Total	32	100.0

Percentage of non-members using services who use other providers		
Percentage using other providers	**Frequency**	**Percent**
0-10	9	33.3
11-20	5	18.5
21-40	1	3.7
41-60	5	18.5
61-80	2	7.4
81-100	5	18.5
Total	27	100

Services Provided by GTAs						
Services	**Members only**		**Non-members only**		**Both members and non-members**	
	Freq.	%	Freq.	%	Freq.	%
Managing training provided by third parties	11	16.9	8	12.3	47	70.8
Recruitment of trainees	11	15.9	8	11.6	50	72.5
Direct delivery of training	9	12.2	9	12.2	56	75.7
Health and safety consultancy services	9	12.5	9	12.5	54	75.0
Careers advice and guidance to trainees	9	13.6	7	10.6	50	75.8
Placing trainees in employment (directly)	8	12.7	7	11.1	48	76.2
Advice to employers on training	7	9.5	7	9.5	59	79.7
Training needs analysis for employers	6	8.5	8	11.3	57	80.3
Pastoral advice to trainees	5	8.9	6	10.7	45	80.4
Other consultancy services e.g. management	3	6.4	7	14.9	37	78.7
Placing trainees in jobs (through agencies)	1	5.9	5	29.4	11	64.7
Other	3	12.5	2	8.3	19	79.2

Service which provides the most revenue		
Service	**Frequency**	**Percent**
Direct delivery of training	44	62.0
Managing training provided by third parties	8	11.3
Health and safety consultancy services	7	9.9
Other consultancy services e.g. management	5	7.0
Placing trainees in employment (directly)	2	2.8
Careers advice and guidance to trainees	1	1.4
Don't know	4	5.6
Total	71	100.0

When services were introduced				
Service	**Original**		**More Recent**	
	Freq.	**%**	**Freq.**	**%**
Training needs analysis for employers	58	90.6	6	9.4
Advice to employers on training	56	86.2	9	13.8
Recruitment of trainees	55	91.7	5	8.3
Direct delivery of training	53	82.8	11	17.2
Placing trainees in employment (directly)	51	92.7	4	7.3
Careers advice and guidance to trainees	51	87.9	7	12.1
Managing training provided by third parties	49	80.3	12	19.7
Pastoral advice to trainees	43	91.5	4	8.5
Health and safety consultancy services	38	58.5	26	40.0
Placing trainees in jobs (through agencies)	19	95.0	1	5.0
Other consultancy services e.g. management	17	36.2	28	59.6
Other (please specify)	3	30.0	7	70.0

Reason for the introduction of new services		
Reason	**Frequency**	**Percent**
Instigated by GTA staff	77	43.8
Requested by employers	40	22.7
In response to new legislation	17	9.7
To increase GTA revenue	8	4.5
To enable the GTA to diversify	7	4.0
No other provision	3	1.7
Other provision not directly meeting needs	1	0.6

Other provision poor quality	1	0.6
Other provision too costly	1	0.6
Other	16	23.9
Don't Know	5	7.5
Total	176	-

Method in which training needs are identified		
Method	**Frequency**	**Percent**
GTA determine	41	54.7
Employer surveys	39	52.0
As and when a skills gap becomes apparent	27	36.0
By reference to training, HR or business plan	18	24.0
Following introduction of new legislation	13	17.3
When employers introduce new equipment/ products/ ways of working	7	9.3
When skilled workers leave/ new workers recruited	6	8.0
By reference to benchmarking/ best practice	2	2.7
Other	29	38.7
Total	182	-

Main method in which training needs are identified		
Method	**Frequency**	**Percent**
GTA determine	11	21.6
Employer surveys	10	19.6
As and when a skills gap becomes apparent	9	17.6
By reference to training, HR or business plan	4	7.8
Following introduction of new legislation	2	3.9
Other	15	29.4
Total	51	100.0

Percentage of trainees trained directly by GTA		
Percentage	**Frequency**	**Percent**
0-20	8	11.8
21-40	2	2.9
41-60	5	7.4
61-80	8	11.8
81-100	45	66.2
Total	68	100.0

Percentage of trainees trained by a subcontracted agency		
Percentage	**Frequency**	**Percent**
0-20	34	61.8
21-40	6	10.9
41-60	3	5.5
61-80	6	10.9
81-100	6	10.9
Total	55	100.0

Occupational sector in which GTA offers training		
Occupational sector	**Frequency**	**Percent**
Engineering	57	76.0
Business administration	32	42.7
Manufacturing	27	36.0
Business administration (IT)	23	30.7
Management and professional	19	25.3
Retailing and customer services	18	24.0
Agriculture, forestry and fishery	17	22.7
Construction	15	20.0
Health care and public services	5	6.7
Foundation for work	4	5.3
Hospitality, leisure, sport and travel	4	5.3
Technology and transportation	4	5.3
Hair and Beauty	3	4.0
Media and design	2	2.7
Total	230	-

Most popular occupational sector		
Sector	**Frequency**	**Percent**
Engineering	46	67.6
Agriculture, forestry and fishery	8	11.8
Manufacturing	3	4.4
Construction	3	4.4
Business Administration	1	1.5
Hair & Beauty	1	1.5
Health Care & Public Services	1	1.5

Hospitality, Leisure Sport and Travel	1	1.5
Management and Professional	1	1.5
Retailing and Customer Services	1	1.5
Technology and Transportation	1	1.5
Other	1	1.5
Total	68	100.0

Training providers the GTA competes with

Training Provider	Frequency	Percent
Colleges	67	93.1
Private training companies/ consultancies	43	59.7
Trade bodies or professional organsations	16	22.2
Suppliers of equipment/ products	8	11.1
Other	7	9.7
Total	141	-

Training providers the GTA subcontracts to

Training Provider	Frequency	Percent
Colleges	50	83.3
Private training companies/ consultancies	18	30
Trade bodies or professional organsations	2	3.3
Suppliers of equipment/ products	0	0
Other	3	3.3
Total	73	-

Training providers GTA members are aware of

Training Provider	Frequency	Percent
Colleges	59	88.1
Private training companies/ consultancies	34	50.7
Trade bodies or professional organsations	14	20.9
Suppliers of equipment/ products	5	7.5
Other	7	10.4
Total	119	-

Training providers GTA members use		
Training Provider	**Frequency**	**Percent**
Colleges	42	80.8
Private training companies/ consultancies	20	38.5
Trade bodies or professional organsations	7	13.5
Suppliers of equipment/ products	3	5.8
Other	6	11.5
Total	78	-

Why employers prefer to use GTAs		
Reason	**Frequency**	**Percent**
Offer training tailored to individual employers' needs	44	58.7
Better overall understanding of employers' needs	34	45.3
Higher success rate in achieving qualifications	21	28.0
Breadth of services	13	17.3
Convenience (e.g. better location)	12	16.0
Cheaper than other providers	12	16.0
Poor quality of other providers	11	14.7
Can train on-the-job , on employers premises	6	8.0
No alternative provider	5	6.7
Other	34	45.3
Total	192	-

Benchmarking of activity		
Reason	**Frequency**	**Percent**
Against independent standards	31	43.1
Against other providers	22	30.6
Against industry standards	17	23.6
Don't usually benchmark	8	11.1
Never benchmark	6	8.3
Against international standards	5	6.9
Other	8	11.1
Total	97	-

Accreditations of GTA		
Accreditation	Frequency	Percent
Recognised Investor in People	55	90.2
Accredited to ISO	28	45.9
Accredited to other industry or independent standards	31	50.8
Total	114	-

The most important reason why companies use GTA rather than other training providers		
Reason	Frequency	Percent
Offer training tailored to individual needs	7	11.3
Better overall understanding of employers needs	7	11.3
Higher success rate in achieving qualifications	5	8.1
Cheaper than other providers	5	8.1
Breadth of services	3	4.8
Poor quality of other providers	2	3.2
Convenience (e.g. better location)	1	1.6
No alternative provider	1	1.6
Other	30	48.4
Don't know	1	1.6
Total	62	100.0

Trends in the number of Members		
Trend	Frequency	Percent
Major fall	2	2.8
Slight fall	21	29.6
Unchanged	20	28.2
Slight rise	17	23.9
Large rise	10	14.1
Don't know	1	1.4
Total	71	100.0

Trends in the number of Trainees		
Trend	Frequency	Percent
Major fall	6	8.0
Slight fall	23	30.7

Unchanged	23	30.7
Slight rise	10	13.3
Large rise	12	16.0
Don’t know	1	1.3
Total	75	100.0

Trends in income

Trend	Frequency	Percent
Major fall	2	2.7
Slight fall	18	24.0
Unchanged	21	28.0
Slight rise	17	22.7
Large rise	14	18.7
Don’t know	1	1.3
Other	2	2.7
Total	75	100.0

GTA activity to arrest decline/ grow

Activity	Frequency	Percent
Develop more courses	28	39.4
Promote training services to existing non-member users within core sector/region	23	32.4
Recruit more members within core sectors/ regions	22	31.0
Attract new non-member users	20	28.2
Sell consultancy services to members	15	21.1
Sell consultancy services to existing non-member users	15	21.1
Recruit more members from other sectors/regions	15	21.1
Sell consultancy services to new non-member users	15	21.1
Sought funding from LSC	14	19.7
Promote training services to existing non-member users from other sectors/ regions	14	19.7
Persuade members to train employees in non-core occupations	11	15.5
Sought funding from RDA	10	14.1
Persuade members to increase number of trainees in core occupations	8	11.3
Sought funding from government department	6	8.5
Sought funding from industry body	6	8.5
None	5	7.0
Other	28	39.4
Total	256	-

What GTAs have concentrated the most effort on in order to arrest decline/ grow		
Activity	**Frequency**	**Percent**
Develop more courses	8	17.0
Recruit more members within core sector/region	8	17.0
Promote training services to existing non-members users within core region/sector	6	12.8
Attract new non-member users	3	6.4
Sought funding from LSC	2	4.3
None	2	4.3
Don't know	2	4.3
Sought funding from industry body	1	2.1
Other	15	31.9
Total	47	100.0

Barriers to expansion experienced by GTAs		
Barrier	**Frequency**	**Percent**
Problems recruiting staff	18	25.4
Lack of demand for training/ other services	17	23.9
Potential membership base is limited	14	19.7
Competition from alternative providers	12	16.9
Lack of finance	11	15.5
Lack of awareness of GTA amongst employers	9	12.7
Lack of capacity (equipment/ premises/ trainers)	8	11.3
No incentive to GTA staff to expand	5	7.0
Decline need for skills in which training is offered	3	4.2
Employers recruit or poach fully-trained staff	1	1.4
No benefit to GTA members from expansion	1	1.4
No obvious barriers	1	1.4
Other	30	42.3
Total	130	-

'What GTAs consider to be the main barrier to expansion		
Barrier	**Frequency**	**Percent**
Potential membership base is limited	5	11.1

Lack of demand for training/ other services	5	11.1
Problems recruiting suitable staff	3	6.7
Lack of finance	3	6.7
Lack of awareness of GTA amongst employers	3	6.7
Competition from alternative providers	3	6.7
Don't know	2	4.4
Declining need for skills in which training is offered	1	2.2
No incentive to GTA staff to expand	1	2.2
Other	19	42.2
Total	45	-

Barriers to expansion experienced by GTAs		
Barrier	**Frequency**	**Percent**
Provide finance to help GTA expand	32	47.1
Help raise awareness of GTAs	20	29.4
Provide finance to help GTA survive	16	23.5
Help stimulate demand for GTA services	13	19.1
Help disseminate good practice	9	13.2
Don't want government help thank you	5	7.4
Nothing	3	4.4
Don't know	4	5.9
Other	24	35.3
Total	126	-

What GTAs consider to be useful Government Assistance		
Assistance	**Frequency**	**Percent**
Provide finance to help GTA expand	32	47.1
Help raise awareness of GTAs	20	29.4
Provide finance to help GTA survive	16	23.5
Help stimulate demand for GTA services	13	19.1
Help disseminate good practice	9	13.2
Don't want Government help thank you	5	7.4
Nothing	3	4.4
Other	24	35.3
Don't know	4	5.9
Total	126	-

What GTAs consider to be the most useful Government Assistance		
Assistance	**Frequency**	**Percent**
Help stimulate demand for GTA services	5	11.9
Provide finance to help GTA survive	4	9.5
Provide finance to help GTA expand	4	9.5
Help raise awareness of GTAs	4	9.5
Help disseminate good practice	1	2.4
Don't want Government help thank you	1	2.4
Other	21	50.0
Don't know	1	2.4
Total	42	100.0

FACT SHEET

18 fact sheets were completed and returned to ERS

Proportion of Businesspeople on the Board		
Proportion	**Frequency**	**Percent**
0-20	0	0
21-40	0	0
41-60	3	18.8
61-80	5	31.2
81-100	8	50.0
Total	16	100.0

Proportion of Businesspeople on the Board		
Proportion	**Frequency**	**Percent**
0-20	6	75.0
21-40	1	12.5
41-60	0	0
61-80	1	12.5
81-100	0	0
Total	8	100.0

Proportion of Staff Members on the Board		
Proportion	**Frequency**	**Percent**
0-20	7	87.5
21-40	1	12.5

41-60	0	0
61-80	0	0
81-100	0	0
Total	8	100.0

Equal Opportunities					
Category	**Males**	**Ethnic Minority**	**Females**	**Ethnic Minority**	**Disabled**
Foundation Modern Apprentice	232	33	49	4	11
Advanced Modern Apprentice	1889	53	43	2	49
Other NVQs	336	28	70	10	11
New Deal	45	2	4		
Other (certified)	150		55		
Other (non certified)	12				
Total	2664	116	221	16	71

Training Available			
Training	**Both Members and Non-Members**	**Members only**	**Non Members only**
On-the-job	16	1	0
Off-the-job	16	1	1
Skills Levels-Higher	12	1	0
Skills Levels-Intermediate	15	2	0
Skills Levels-Basic	16	2	0
Management Training	11	2	0
Equal Opportunities	7	1	0
Total	97	11	1

Training Available			
Training	**Both Members and Non-Members**	**Members only**	**Non Members only**
Operatives and assembly staff	16	1	1
Craft and skilled operatives	14	1	2
Technical and scientific staff	15		
Managers and senior	12	1	1

administrators			
Clerical and secretarial staff	11	1	
Professionals	10		
Personal service and sales staff	9		1
Other manual workers	15		2
Total	107	4	7

% of Employers located in home region/ county		
Proportion	**Frequency**	**Percent**
0-20	0	0
21-40	1	6.25
41-60	2	12.5
61-80	0	0
81-100	13	81.3
Total	16	100.0

% of Employers located in other parts of the country		
Proportion	**Frequency**	**Percent**
0-20	5	71.4
21-40	0	0
41-60	1	14.3
61-80	1	14.3
81-100	0	0
Total	7	100.0

% of Trainees located in home region/ county		
Proportion	**Frequency**	**Percent**
0-20	0	0
21-40	1	6.25
41-60	2	12.5
61-80	1	6.25
81-100	12	75.0
Total	16	100.0

% of Trainees located in other parts of the country		
Proportion	**Frequency**	**Percent**
0-20	4	66.7
21-40	0	0
41-60	1	16.7
61-80	1	16.7
81-100	0	0
Total	6	100.0

Employers/ Trainees by sector				
Sector	**Employers**		**Trainees**	
	Freq.	**%**	**Freq.**	**%**
Metal goods and engineering	1181	68.7	1677	69.1
Other manufacturing	352	20.5	417	17.2
Construction	99	5.8	132	5.4
Transport and communication	38	2.2	54	2.2
Minerals and chemicals	14	0.81	69	2.8
Agriculture, forestry and fishing	10	0.58	30	1.2
Distribution, hotels/ catering	5	0.29	8	0.33
Financial and business services	3	0.17	3	0.12
Other Services	19	1.1	38	1.6
Total	1,721	100	2,428	100.0

Employers/ Trainees by size of business				
Size of business (number of employees)	**Employers**		**Trainees**	
	Freq.	**%**	**Freq.**	**%**
1-4	23	2.9	5	0.43
5-9	46	5.8	44	3.8
10-19	78	9.9	76	6.6
20-49	191	24.2	182	15.7
50-99	258	32.7	302	26.0
100-249	144	18.2	352	30.3
250-500	41	5.2	160	13.8
500-999	8	1.0	36	3.1
1000+	1	0.1	3	0.26
Total	790	100	1,160	100

Division of Income					
Source of Income	**Proportion of Income**				
	0-20	21-40	41-60	61-80	81-100
Membership subscriptions	15	0	0	1	1
Other fees charged	3	6	3	3	0
LSC Contracts	1	7	3	6	1
Other Government Training	5	1	0	1	0

Contracts					
Other	5	0	0	2	1
Total	29	14	6	13	3

APPENDIX 7: GTAS IN AUSTRALIA

Australian Group Training Companies (GTCs) were first set up in the early 1980s and are said to be currently working with approximately 35,000 companies of which 89% have fewer than 50 employees and 50% fewer than 5 employees.[8] Group Training Companies employ more than 40,000 apprentices and trainees, placing participants with "host employers". This approach aims to benefit both employer and trainee in that host employers can utilise staff without having to take on long-term employment contracts, and trainees are guaranteed continuous work and training towards a nationally recognised qualification.

Direct employment of trainees is a feature of the Australian model which distinguishes it from virtually all of the UK models. In the course of this research only two of the GTAs interviewed had employed trainees, albeit for short spells whilst looking to place trainees who have lost their jobs. This was considered by the GTA to be an important safety net.

Each Group Training Company is an independent not-for-profit organisation which is separately incorporated and run on a commercial basis. Most Group Training Companies receive financial support from state and federal governments to assist with administrative overheads, representing about 3-5% of turnover[9].

The core activity of Group Training Companies is managing the employment and training of apprentices and other trainees, including:

- Arranging the on- and off- the job training
- Providing support for both host employers and apprentices/trainees throughout the entire period of employment and training.
- Arranging rotations to broaden training opportunities
- Arranging alternative work placements when required
- Counselling and caring for apprentices/ trainees

Some GTCs also provide additional services; for example, many GTCs are also registered providers of training. Many are actively involved in the employment placement market and some have accredited workplace assessors. Moreover, a handful of GTCs employ specialist staff from the Aboriginal community, from specific ethnic groups, or staff who are trained to work with people with disabilities.

Group Training Australia is a national network of more than 100 independent and not-for-profit companies whose aim is to ensure that group training remains at the forefront of workforce development. The Group aims to: influence the government's education and training policies; facilitate relationships between Companies; enhance members' productivity; and raise the profile of group

[8] Group Training Australia Limited, October 2001
[9] Ibid

training as an effective and successful model for the employment and training of apprentices.

National Policy

In April 1998, the ANTA Ministerial Council endorsed a set of National Principles for group training to underpin future government purchasing arrangements with providers of group training services. These principles identify the major priority for group training as achieving the greatest possible expansion of apprenticeship and traineeship opportunities.

In November 1999 a series of recognition standards for GTCs were published by The South Australian Department of Education, Training and Employment. They were as follows:

- Leadership- there is a clear sense of purpose and direction and promotion of ethical practices, accountability and responsibility in the development and provision of group training services, products and operations;
- Planning- The organisation continuously improves group training services and operations through planning, implementation and review;
- Information and Financial Analysis- The organisation is financially viable and has sound financial, administration and client record management procedures in place.
- People-The organisation recruits, manages and develops staff to ensure that they have the skills and knowledge relevant to jobseekers, industry and apprenticeship and traineeship systems;
- Client Focus - The group training services delivered by the organisation are driven by the needs and expectations of the stakeholders (government and other funding agencies, employers, industry bodies, parents) and the apprentices/ trainees who are recipients of those services;
- Quality of Product and Service- The organisation has a system to manage the recruitment of host employers and the employment, training and assessment of apprentices/ trainees;
- Organisational Performance- The organisation evaluates and improves the delivery of Group Training services to meet client needs.

The Group Training New Apprenticeships Targeted Initiatives Programme aims to make strategic use of the strengths of the group training sector to achieve targeted placements in New Apprenticeships over and above existing funding mechanisms. It is expected that the majority of placements will be with small or medium sized enterprises. Priority areas are those considered to be critical, challenging or underserviced. Challenging areas include, but are not limited to, New Apprenticeships in schools and New Apprenticeships for groups with particular needs in the training market such as indigenous people and people with a disability. Under-serviced areas are those where group training has not had a strong presence in the past, and areas in rural and regional Australia.

State Policy: Queensland

In Queensland the Training and Employment Act 2000 allows the Training and Employment Board to recognise an organisation as a Group Training Organisation (GTO) on the basis of an industry, an industry sector or an area. The Act states that: "the main function of a group training organisation is, by agreement between the organisation and the entity, to arrange for the main entity to train under a training plan, an apprentice or trainee employed by the organisation."

The Queensland Department of Employment & Training has published a manual setting out a number of issues relating to (GTOs) including offering a description, core business/training activities and key criteria for recognition of a GTO in Queensland.

The Manual offers a summary of GTO's core business, as follows:

- Direct employment of apprentices/trainees and management and monitoring of their continuing employment with host employers until the completion of the contract of training;
- Management and monitoring of the apprentice/trainee on and off-the-job training through to completion of the contract of training;
- Contracting host employers, usually small to medium sized businesses, to provide structured training and practical experience for apprentices/trainees; and
- Participating with Government and local communities to meet local community needs and to assist identified disadvantaged groups gain greater access to and outcomes from apprenticeships/ traineeships.

Similarly the Manual provides an indicative list of GTOs activities, which include:

- Promoting the concept of group training and, in particular, the group training organisation;
- Recruiting host employers, especially in small business, skills shortage areas and new industries/occupations;
- Matching apprentices and/or trainees to host employers;
- Facilitating greater access to and outcomes for target groups;
- Monitoring apprentice/trainee placements, including appropriateness of supervision levels and facilities to ensure training outcomes as outlined in the Training Plan;
- Managing and monitoring apprentice/trainee training;
- Liasing with Registered Training Organisations;
- Integrating on- and off-the-job training to ensure acquisition of competencies and skills development; and
- Arranging rotations where necessary, where skill formation opportunities are limited.

The Manual also highlights key criteria for recognition of a Group Training Organisation, such that a GTO must:

- Be not-for-profit, separately incorporated from its sponsoring body and industry or community based;
- Have board representation in compliance with its articles of incorporation/articles of association;
- Ensure its board meets at least every three months to review and make strategic decisions on the operations of the group training organisations;
- Have quality arrangements in place that, as a minimum, address the quality standards in the "Minimum Operating Standards for GTOs";
- Ensure arrangements are put in place for the provision of liaison and ongoing advice with the Department of Employment and Training;
- Operate discrete management and administration of training activities from the sponsoring body and/or other activities undertaken by the organisation;
- Demonstrate sufficient competent staff to develop, manage and administer the organisation and supervise training, with a designated GTO manager;
- Accept as a matter of principle that it is the legal employer of the apprentices and trainees it employs and, as such, it is ultimately responsible for payment of their wages and entitlements;
- Take all practical steps necessary to ensure the well-being and adequate training of apprentices and trainees employed by them, including not engaging a prohibited employer as a host employer;
- Have an apprentice/trainee rotation policy in place to ensure that apprentices and trainees obtain the necessary range of skills in the trade/model;
- Comply with all Commonwealth and State legislation, regulations, guidelines and policies including (but not linked to) companies, associations, employment, vocational education and training;
- Agree to co-operate with any audit or evaluation undertaken by the Department of the group organisation's operations; and
- Deliver relevant records, files or other documentation requested by the Department of Employment and Training for the purposes of conducting an audit or evaluation.

Gippsland Group Training (GTG) was formed in June 1982 when several major construction businesses identified the need to train apprentices and make them available to one another on a rotating basis. GGT aimed to employ apprentices and provide them with training that would give them the skills required to become competent tradespersons and to meet the needs of the industry.

GGT is a private not-for-profit company limited by guarantee. It is funded by member subscriptions and controlled by a Board of Honorary Directors elected from member companies. Today GGT operates in four regions across Gippsland and in Melbourne and employs more than 850 aApprentices and trainees in a diverse range of vocations, each of whom has guaranteed employment for the life of the Training Agreement.

APPENDIX 8: REFERENCES

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