



Northern Ireland Audit Office

Contracted Training Programmes





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K J Donnelly

Northern Ireland Audit Office

Comptroller and Auditor General

28 June 2016

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Abbreviations

CPD	Central Procurement Division
DEL	Department for Employment and Learning
DfE	Department for the Economy
DFP	Department of Finance and Personnel
DWP	Department for Work and Pensions
EMA	Educational Maintenance Allowance
ETI	Education and Training Inspectorate
FAST	Financial Audit and Support Team
ICT	Information and Communications Technology
IQ:RS	Improving Quality: Raising Standards
IVQ	International Vocational Qualification
KPI	Key Performance Indicator
NI	Northern Ireland
NIAES	Northern Ireland Advisor on Employment and Skills
NIAO	Northern Ireland Audit Office
NVQ	National Vocational Qualification
ORF	Output Related Funding
PAC	Public Accounts Committee
PfG	Programme for Government
PLA	Programme-led Apprenticeships
QIA	Quality Improvement Advisor
QPB	Quality and Performance Branch
SPB	Supplier Performance Branch
STEM	Science, technology, engineering and mathematics
UK	United Kingdom
VRQ	Vocationally Related Qualifications

Glossary

Qualifications

The Department for Employment and Learning's Training for Success and Apprenticeships NI programmes provide access to Vocational Qualifications and Vocationally Related Qualifications (VRQs). National Vocational Qualifications (NVQs) are competence-based, work-related qualifications. VRQs are study-based, structured training programmes designed

to provide trainees with an understanding of the vocational area they are studying.

The Department's training programmes also provide Essential Skills training to help learners gain practical skills in English, maths and ICT (Information and Communications Technology).

Vocational qualifications are defined in terms of equivalence to conventional academic qualifications.

Level	Qualification
Entry Level	Key Stage 3 Entry Level Vocational Awards
Level 1	3-4 GCSE grades D-G NVQ Level 1; Level 1 Vocational Awards
Level 2	4-5 GCSE grades A*-C NVQ Level 2; Level 2 Vocational Awards; IVQ (International Vocational Qualification) Technical Certificate / Diploma
Level 3	2 or more A-Levels / OND (Ordinary National Diploma) NVQ Level 3; Level 3 Vocational Awards; IVQ Technician Diploma / Advanced Diploma
Level 4	Certificate of Higher Education (HNC / City & Guilds)
Level 5	Diplomas of Higher Education, Foundation Degrees and HNDs
Level 6	Bachelor Degrees
Level 7	Master Degrees and Postgraduate Certificates
Level 8	Doctorates

Executive Summary



Executive Summary

Executive Summary

1. The former Department for Employment and Learning (the Department) aimed 'to promote learning and skills, to prepare people for work and to support the economy'. It provided a range of training and employment programmes towards this end.
2. This report focuses on the main contracted training programmes, Training for Success and Apprenticeships NI. Delivery of the programmes is contracted by the Department to a range of providers in the public, private and community sectors.
3. Training for Success was introduced in September 2007 as the primary vocational training provision for young people. The programme offers a training guarantee to unemployed 16 to 17 year-old school leavers and aims to enable participants to progress to higher level training, further education or employment, by providing training in an occupational area, essential skills and addressing personal and social development needs. Apprenticeships NI provides training for employed apprentices up to completion of an industry-approved Apprenticeship Framework.
4. The training programmes have been delivered in a period when the Northern Ireland economy has faced significant challenges arising from the economic downturn. Many trainees enter the Department's training programmes with low levels of educational attainment and often with significant barriers to obtaining qualifications and employment.
5. The total cost of Training for Success and Apprenticeships NI over the period 2007 to 2015 was £469 million and over 97,460 participants started on the training programmes during this period (44,239 participants on Training for Success and 53,221 on Apprenticeships NI).

The Effectiveness of the Training Programmes

6. A key measure of a programme's effectiveness is the extent to which it meets its key objectives and the evaluation of outturn against targets. In response to the Westminster Public Accounts Committee (PAC) 2005 report on Jobskills, the Department agreed to put in place and monitor a comprehensive set of performance targets.
7. Targets for Training for Success were initially set in 2007 and included as an integral part of the contracts with training providers. No targets were explicitly set for the Programme-led Apprenticeships element of Training for Success which was introduced in 2009, but existing targets for the pre-apprenticeship element of Training for Success were applied.
8. The Department has monitored performance of individual training providers against the targets as part of contract compliance monitoring. It

also reports key statistics for Training for Success and Apprenticeships NI in statistical bulletins. The first of the statistical bulletins was published in March 2013. The data had limitations. For example, until May 2015, the data did not identify the success rate of trainees by cohort year and there are no published statistics on the length of time trainees remain on the programmes (retention rates). In effect, there were no mechanisms in place for reporting overall performance of the programme against the key targets. There were no aggregate reports providing information on retention, progression or achievement against the specific targets set for the training programmes.

9. The Department's figures indicate that approximately two-thirds (68 per cent) of leavers from Training for Success achieved a qualification, while a positive progression to employment, education or other training was achieved by less than one-quarter (23 per cent) of participants. For Apprenticeships NI, 61 per cent of leavers achieved a full framework¹.
10. Current contracts with suppliers include targets relating to the achievement of qualifications but do not contain targets for retention and progression of trainees. These contracts are due to run until 31 March 2017. The Department considers that the achievement of qualifications is the key output required from training. In the context of potential impact on achievement, while not setting targets, it also recognises that retention and progression are key factors and

will continue to monitor these as part of the quality inspection and contract compliance processes.

11. Following the award of contracts in 2013, a case conference process was introduced as part of the monitoring of supplier performance. The Department regards this as key to addressing concerns about the level of achievement by trainees. Investigation findings from the case conference process will inform targets for future provision.
12. Unit costs can provide a basis for assessing efficiency of programmes delivered by the Department. However, the Department does not routinely measure unit costs for the programmes. It has considered this issue but considers the structure of the funding arrangements and the range of options available to participants can make the calculation of unit costs complex and of limited value.
13. The Department carried out comparisons with international best practice for its reviews of apprenticeships (2014) and youth training (2015). It also analysed costing models from England, Wales and Scotland in preparation for the re-contracting of training programmes in 2010. However, despite a commitment to the Westminster PAC, the Department does not regularly undertake benchmarking for comparison of performance with other regions in Great Britain. The Department told us that the different nature of the provision and related arrangements make it difficult to identify appropriate comparators for

¹ Apprenticeship Frameworks are developed by industry recognised bodies, such as Sector Skills Councils, and comprise an agreed set of qualifications. When all the required elements (including the relevant NVQ and any applicable Technical Certificate and Essential Skills) have been achieved by a trainee, the Department issues a full framework certificate.

Executive Summary

Training for Success; and methodologies for performance measurement and the structure and funding of the various provisions were so different that benchmarking would be of limited value. The Department has indicated that it will continue to seek opportunities to benchmark against best practice.

14. In its 2005 report on Jobskills, the Westminster Public Accounts Committee also highlighted that there was a substantial 'skills mismatch' between programme provision and the needs of the Northern Ireland economy, and a large proportion of the skills attained by trainees had not been used in the workplace. Although the Department committed to introducing targets for reducing the level of skills mismatch, none were incorporated into the Training for Success and Apprenticeships NI programmes. The Department decided not to establish specific sectoral targets for the programmes on the basis that Training for Success is primarily targeted at 16-17 year olds with low levels of academic achievement who make an informed choice of their areas of vocational training; Apprenticeships NI is employer-led and, as such, the prevailing economic conditions and apprenticeship opportunities created by employers have the most significant impact on the uptake of training.
15. Apprenticeships NI frameworks are aligned to a wide range of skill needs across the economy, including priority sectors. In this respect, we note that the percentages of highest level (Level 3) qualifications and qualifications

in priority sectors achieved through Apprenticeships NI increased between 2008-09 and 2014-15. Twenty-two per cent (6,435) of all qualifications were STEM (science, technology, engineering and mathematics) related and 15 per cent (4,183) were Level 3 qualifications in priority sectors. The actual numbers of Level 3, STEM and priority sector qualifications declined in 2013-14. The decline continued in 2014-15 with the exception of STEM qualifications. The strength of the outcomes delivered by Apprenticeships NI is also difficult to measure, given the absence of programme targets and measurement of outcomes.

Quality of Training Provision

16. In 2007, the Department introduced its quality improvement strategy, Success Through Excellence, which aimed to ensure high quality provision across its funded programmes. A key element for the delivery of the strategy was the establishment in September 2006 of a unit with specific responsibility for quality improvement and contract management of the training programmes. A Quality Improvement Adviser (QIA) had also been appointed in 2005 to develop the strategy and to oversee the quality monitoring and improvement activities across the programmes.
17. Self-evaluation and quality improvement planning are key elements in the achievement of continuous improvement. Each supplier must carry out an annual self-evaluation of the quality of their

- provision and grade themselves against Education and Training Inspectorate (ETI) quality indicators². Since 2012, there is also an annual visit by ETI to each provider. These assessments indicate that confidence in suppliers' ability to complete effective self-evaluation of their provision has been improving.
18. The quality of training provision is independently assessed by ETI inspection and the results of inspection provide a quantitative basis for measuring overall quality. Inspections are currently undertaken over a three-year cycle and the annual inspection programme is agreed with the Department.
19. The selection of suppliers for inspection is based on an analysis of risk and new suppliers are scheduled as a priority. Monitoring visits and follow-up inspections are undertaken in cases where provision is evaluated at 'satisfactory' (Grade 4) or lower. Although a satisfactory level of achievement is required under the terms of a provider's contract, the Department intends that the standard of provision should improve to at least the level of 'good'.
20. Suppliers are required to put an improvement plan in place. The follow-up inspection process monitors and reports on individual supplier progress towards improvement, with a re-grading after final follow-up inspection. The Department offers suppliers post-inspection support to help achieve the desired improvement.
21. Where poor quality is identified and no improvement is made, the contract may be withdrawn. Over the six-year period from 2007 to 2013, nine (17 per cent) of the original 54 suppliers which were awarded contracts in 2007 ceased provision. The Department reports that most suppliers improve performance in response to follow-up work.
22. Annual reports to the Senior Management team and Departmental Board summarise main findings from inspection activities across further education and training and employment programmes; a summary of recurring weaknesses and areas of concern is included in the reports. The Department and the ETI also provide annual reports on the quality of provision across all programmes to the NI Assembly Committee for Employment and Learning.
23. Areas for improvement which have been identified in the annual reports and addressed through improvement plans include:
- poor planning and delivery of essential skills;
 - low retention rates;
 - poor co-ordination, collaboration and planning between suppliers and employers;
 - lack of genuine 'upskilling' and added value to apprenticeship programmes, with too much emphasis on the accreditation of existing competencies;

² Improving Quality: Raising Standards (IQ:RS) is ETI's quality assurance framework for further education and work-based learning. It is linked to the Department's strategy for quality improvement "Success Through Excellence: A Quality Improvement Strategy for the Further Education and Training System in Northern Ireland".

Executive Summary

- ineffective monitoring of trainee progress and potential barriers in the workplace including workplace training;
- ineligible participants; and
- the need for greater emphasis on attainment of Departmental targets.

24. The results of ETI inspections indicate that the quality of training provision has been generally of a good standard – overall 71 per cent of inspections have been scored at ‘good’ (Grade 3) or better. Twenty-nine per cent of inspections resulted in a Grade 4 or lower and therefore had to be followed up. In nine per cent of inspections, suppliers attained an ‘inadequate’ level of performance (Grade 5). No suppliers were given an ‘unsatisfactory’ grading (Grade 6).

25. Since 2009-10 the Department has aimed to have a graded inspection of all suppliers within a three-year cycle. In some cases, the period between graded inspections is four years or longer. In the first three-year cycle commencing in 2009, only 38 graded inspections were completed. In the seven-year period to 2014, 18 per cent of suppliers had only one graded inspection.

26. Following the restructuring of further education sector in 2007, the Department decided not to carry out full inspections of Further Education colleges until their management structures had stabilised. The Department took

assurance on the performance of the colleges from other inspections carried out by the ETI.

Contract Management

27. Management of the contracts with training providers involves a number of branches within the Department. The Department carries out annual inspections of contractors to monitor compliance with contract terms, including the Department’s guidelines. Inspections are scheduled on a risk basis, with high and medium risk suppliers receiving additional visits within a calendar year.

28. In 2007, the Department’s Quality Improvement Strategy identified the need for clearer and more accountable contract management, including development of a range of key performance indicators.

29. In November 2013, the Department completed a fundamental review of its contract management arrangements for large scale training and employment programmes. The review concluded that although the Department had comprehensive contract management arrangements in place, there was scope for further improvement. It recommended that the Department should agree a corporate contract management strategy and work programme and made 11 recommendations on the establishment and management of contracts. These included:

- improving corporate reporting on contract performance and compliance;
 - the need for appropriately trained contract management staff;
 - having clear and meaningful key performance indicators (KPIs);
 - dealing with unsatisfactory performance;
 - ensuring management information is used to manage supplier performance; and
 - co-operation between the Department and providers to drive continuous improvement.
30. The review was not completed in time to impact on the tendering and letting of the 2013 contracts for Training for Success and Apprenticeships NI. However, some changes were made for the 2013 contracts in relation to target setting, more effective collection of management information and the introduction of formal case conferencing as part of the monitoring of contract delivery. The Department is currently addressing the areas covered by the recommendations of the contract management review and has:
- provided accredited training in contract management to staff involved in the management of large scale contracts;
 - prioritised the creation of effective targets and KPIs for new contracts;
- developed new management information reports for Training for Success and Apprenticeships NI; and
 - been developing annual reports for senior management on Training for Success and Apprenticeships NI which will provide information on contract management issues and performance at supplier and programme level.
31. When contracts for the delivery of the Training for Success were first awarded in 2007, they were awarded for an initial period of three years to March 2010 with provision for two separate one-year extensions by agreement, but not beyond 2012. Ultimately, the contracts were extended to 2013. The last year represented a direct award contract.
32. The Department carries out post-payment compliance inspections on a sample of Training for Success and Apprenticeships NI payments. Between 2008-09 and 2014-15, inspections covered £21 million (5 per cent) of expenditure from total programme expenditure of £412 million and provided satisfactory assurance on 96 per cent (£20 million) of the sample. Net overpayments of £530,000 were identified and recovered in the seven-year period. In most cases, errors found were reported as administrative discrepancies and non-compliance with guidelines. No cases of fraud were identified.
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Executive Summary

33. For each year from 2007-08 to 2014-15, the Department provided an overall 'satisfactory' assurance opinion on Training for Success and Apprenticeships NI expenditure. In the same period, the Department made almost 3,300 recommendations, based on its inspections of all of the Department's training and employment programmes. No high priority recommendations were made in respect of training programmes.
34. In addition to the post-payment inspections, the Department also carries out pre-payment checks on all claims. Over the period from 2007 to 2015, the average error rate in the value of claims was 0.6 per cent. Overall, 2,605 adjustments were made, 92 per cent (2,385) of which were due to supplier errors.
35. Prior to April 2015, the frequency and patterns of errors made by suppliers were not routinely analysed to identify common causes of error or whether any providers persistently made errors in claims. Since April 2015, the Department has carried out monthly analysis of corrections and adjustments.
36. Information provided through complaints procedures or whistleblowing can provide important information to public bodies about risks to service delivery, poor value for money, or even potential fraud. The development of internal whistleblowing procedures has been an ongoing process which has reflected evolving best practice. The Department's current policy was introduced in 2012 and was updated in March 2015.
37. The UK audit agencies advocate that organisations seek positive assurance that whistleblowing policies and procedures are working effectively and have emphasised the importance of staff confidence in whistleblowing arrangements. In view of the absence of any external complaints or whistleblower allegations across these programmes, we consider that the Department should engage with participants to confirm that they are aware of, and have confidence in, the current external whistleblowing processes.

Value for Money

38. In the absence of adequate reporting on performance against key targets, it is difficult to conclude whether the programmes have operated effectively and delivered value for money. The programmes have provided training in essential skills to a large number of trainees and apprentices. The Department has extensive quality assurance and financial management processes in place. The overall quality of training is generally good and, in recent years, the Department has been implementing improvements in contract management. However, there are value for money concerns with aspects of the programmes' performance. Significant numbers of participants leave without qualifications and without positive progression to further education, training or employment. The Department must more clearly report on performance of the programmes against targets to demonstrate their impact in meeting the

needs of participants and the Northern Ireland economy.

Recommendations

On the effectiveness of the programme

39. Targets relating to the achievement of qualifications are an integral component of contracts with individual training providers. However, the lack of performance reporting at overall programme level means that it is difficult to judge if the Department is meeting its programme objectives and is delivering value for money. **The Department should set targets on retention, progression and achievement for each strand of its future training provision and ensure all these targets are reported on transparently. When setting these programme targets, it is important that the Department explains the rationale for the level of performance expected, to ensure that targets are challenging and realistic.**
40. Whilst many in the trainee client group face significant barriers to gaining qualifications and employment, there are a number of performance measures which flag up areas of concern in the effectiveness of the programme. For example, around one-third of participants on Training for Success neither obtain a qualification nor progress from one strand of the programme to another. Around two-thirds do not progress. Around 40 per cent of leavers from
- Apprenticeships NI had not achieved a full apprenticeship framework. The Department sees its case conferencing process, which was introduced in 2013, as key to addressing supplier performance. **Nevertheless, these performance figures need to be investigated further and ambitious targets set to drive improvement in these aspects of performance.**
41. The Department considers that benchmarking is of little use because of differences with training programmes provided in other regions. The Westminster Public Accounts Committee was very robust in its views on this matter and the fact that subtle differences between schemes should not be used as a justification for not benchmarking. The Department has carried out comparative analysis of programmes in other regions to help inform its policy reviews and the design of programmes. **We encourage the Department to build on this and continue to seek opportunities to benchmark the performance of its training programmes. The results of this benchmarking should be published.**
42. It is difficult to measure the efficiency of Training for Success and Apprenticeship NI when neither programme calculates any unit cost information. **Unit costs are a basic measure of efficiency and the Department should construct a range of unit costs across the programmes to gauge differences in efficiency over time and between different providers.**

Executive Summary

43. Apprenticeships NI in particular should be closely aligned with the skills needs of the economy. Despite a commitment to do so, the Department has not developed specific, measurable and time-bounded targets against which to monitor and report progress. The Department's new strategies for youth training and apprenticeships are to be implemented from 2017. These set out that provision will be aligned to the needs of employers and the economy. **The Department should work proactively with employers and set specific targets to increase the amount of training in priority sectors.**

On the Quality of Training Provision

44. There appears to have been a considerable improvement in the quality of training provision. Only 11 per cent of inspections were assessed as less than satisfactory. Nevertheless, around a quarter of training providers required follow up inspections, including some of the larger providers. **It is important that the selection of the ETI inspection programme is clearly documented and that the risk criteria and analysis are transparent and defensible.**

On Contract Management

45. The Department commissioned a review of its contract management procedures and is starting to implement the recommendations of that review. **It is important that these recommendations**

on contract management are fully implemented. We recommend that progress is reported regularly, and at least quarterly, to the Departmental Board and Audit Committee.

46. The Department undertakes a significant amount of validation and checking of payments to training providers. However, it has no estimate of the overall payment error rate for these training programmes. In the absence of such information, it is not clear if the financial management of contracts is effective or not. **The Department should undertake a one-off statistically-based sample of payments to estimate the overall payment error rate and to gauge whether further action is needed in this area.**
47. The Department's whistleblowing policy has developed over time and evolved in line with good practice. The UK audit agencies and the Committee on Standards in Public Life advocate that organisations seek positive assurance that whistleblowing policies and procedures are working effectively and have emphasised the importance of staff confidence in whistleblowing arrangements. **The Department should engage with staff and other stakeholders, including trainees, to confirm that they are aware of, and have confidence in, the current whistleblowing processes.**

Part One:
Introduction



Part One: Introduction

Background

1.1 The former Department for Employment and Learning³ (the Department) aimed 'to promote learning and skills, to prepare people for work and to support the economy'. The Department's objectives were:

- to promote economic, social and personal development through high quality learning, research and skills training; and
- to help people into employment and promote good working practices.

1.2 The principal activities of the Department included the provision of a range of training and employment programmes. Training for Success and Apprenticeships

NI are the main contracted training programmes.

1.3 Training for Success was introduced in September 2007, replacing the Jobskills programme⁴ as the primary vocational training provision for young people. Jobskills had been in place since 1995. Training for Success initially included apprenticeship training but this was separated from Training for Success and established as a separate programme, Apprenticeships NI, in September 2008.

Programme Structure and Delivery

1.4 Training for Success offers a training guarantee to unemployed 16 to 17 year-old school leavers. The guarantee is extended up to age 22 for young

Figure 1: Training for Success Programme Structure

Employment status	Component	
Unemployed	1. Skills for your life	To address personal and development needs of young people who have disengaged from learning or have significant obstacles to learning.
	2. Skills for work	To help young people gain skills and a vocationally related qualification at Level 1 and to then progress to employment, pre-apprenticeship or apprenticeship training or further education.
	3. Pre-Apprenticeship / Programme-led Apprenticeships *	To prepare young people who are not in employment but assessed as capable of achieving a Level 2 vocationally related qualification for progression to further training, education or employment.

Source: Department for Employment and Learning

*In September 2009, the Training for Success Pre-Apprenticeship option was replaced by Programme-led Apprenticeships (PLA); a short-term contingency arrangement for unemployed apprentices affected by the economic recession. Through PLA, trainees could still achieve the technical certificate and essential skills elements but, without sufficient work experience, could not complete the full NVQ award.

3 Prior to 9th May 2016, the programmes which are the subject of this report were delivered by the Department for Employment and Learning (DEL). Since that date, the functions and services of DEL, with the exception of the Employment Service, have been transferred to the new Department for the Economy (DfE).

4 Training for Success replaced Jobskills for new starts; existing participants continued to progress within Jobskills until completion.

people with a disability and to age 24 for those from an in-care background. The programme aims to enable participants to progress to higher level training, further education or employment by providing training in an occupational area, essential skills and addressing personal and social development needs. **(Figure 1).**

- 1.5 Apprenticeships NI provides training for employed apprentices up to completion of an industry-approved Apprenticeship Framework⁵ **(Figure 2).**
- 1.6 Delivery of training is contracted to a range of providers in the public, private and community sectors **(Appendix 1).**
- 1.7 Contracts were awarded in May 2007 to cover the period from September

2007 to March 2010. The contracts included options for two one-year extensions. The Department used both options to extend the contracts to March 2012. The first extension was required to facilitate re-tendering of the contracts. The second was required when a legal challenge from an unsuccessful supplier halted the re-tendering process. At March 2012, the legal case was ongoing and contracts were extended by direct award for a further period to 2013.

- 1.8 New contracts for Training for Success and Apprenticeships NI were let in June 2013 and August 2013 respectively. These contracts were due to end in March 2016 but have been extended to March 2017.

Figure 2: Apprenticeships NI Programme Structure

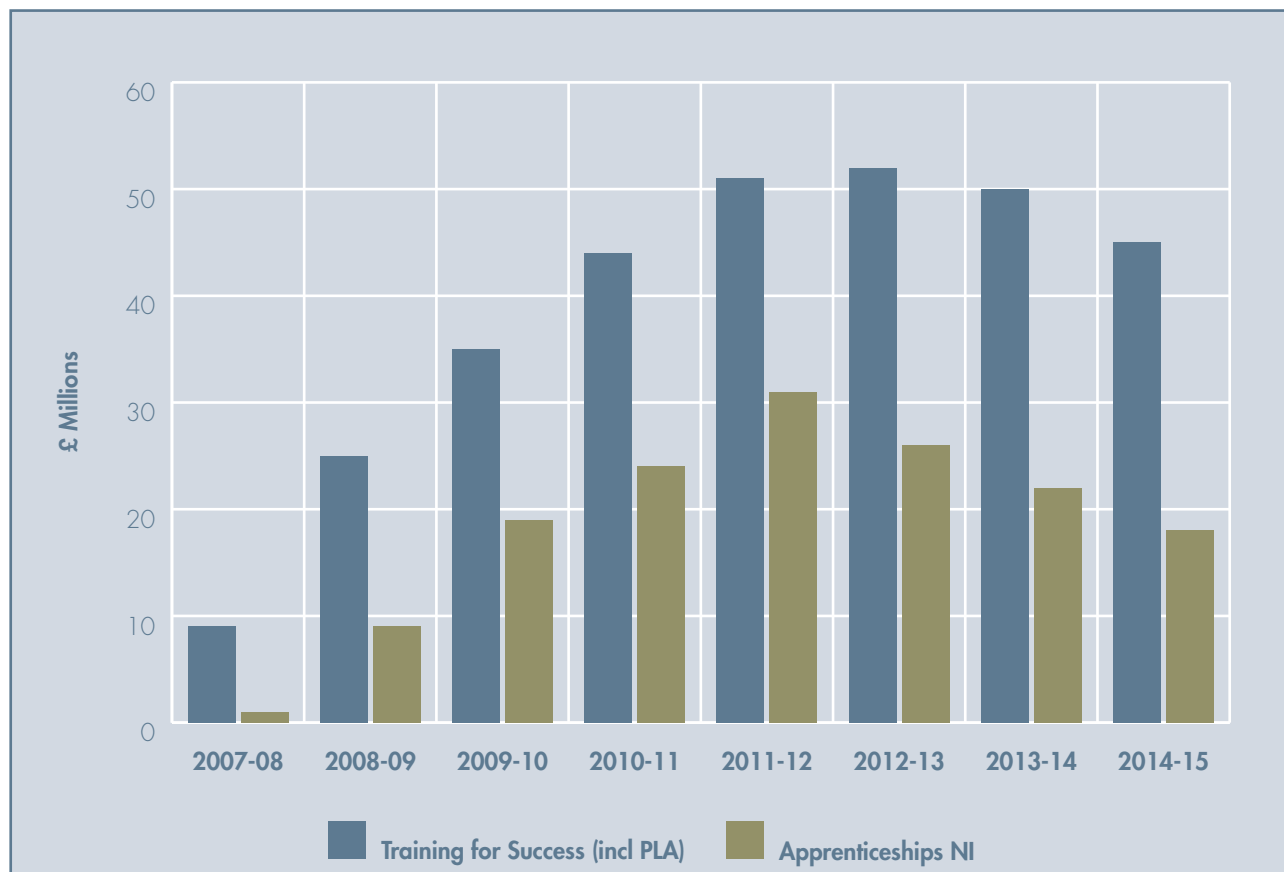
Employment status	Strand	
Employed	Level 2 and Level 3 Apprenticeship	Apprenticeships NI aims to: <ul style="list-style-type: none"> • provide apprentices with the knowledge, understanding and competence to work at a high level in their chosen occupation; • offer high quality training to fulfil requirements of an appropriate Apprenticeship Framework; • contribute to raising the skills level of the NI workforce; • encourage the direct involvement of employers in training key personnel.

Source: Department for Employment and Learning

5 An Apprenticeship Framework comprises an agreed set of qualifications developed by Industry Recognized bodies such as Sector Skills Councils with the help of employers in their industry. The Framework award is issued by the Department and is not in itself an accredited qualification.

Part One: Introduction

Figure 3: Programme Expenditure in the period 2007–08 to 2014-15



Source: NIAO from data supplied by the Department for Employment and Learning

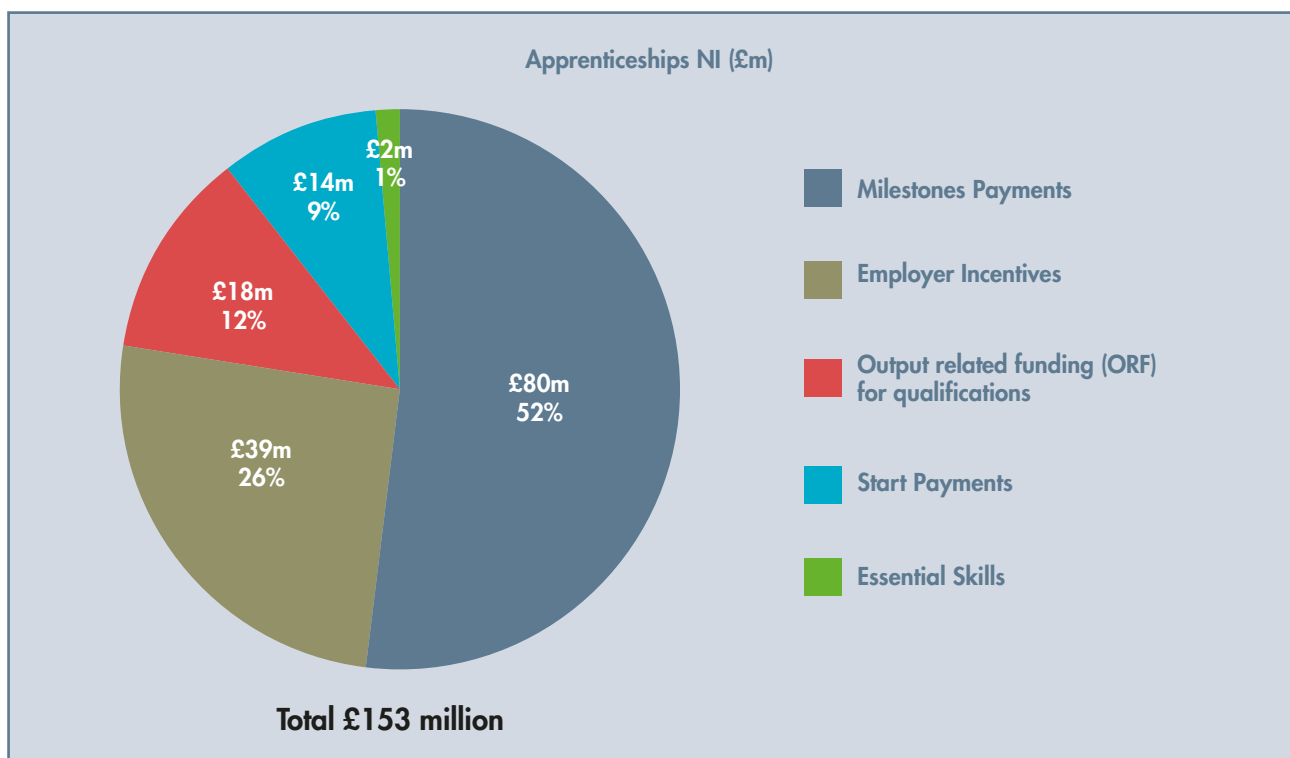
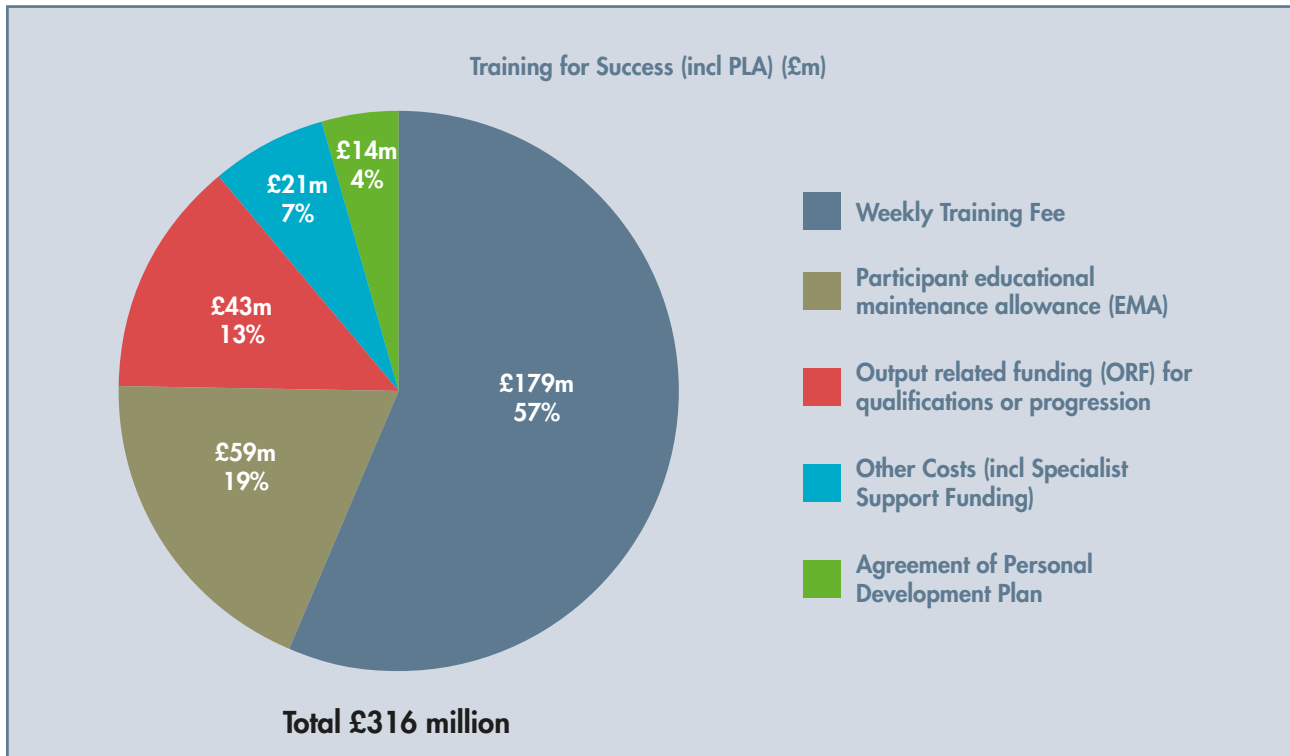
Programme Expenditure and Participation

Programme Expenditure

1.9 The total cost of Training for Success and Apprenticeships NI over the period 2007 to 2015 was £469 million (**Figure 3**).

1.10 Payments to training providers include a range of fixed costs per trainee and output related funding. The greatest costs are weekly training fees in Training for Success and milestone payments in Apprenticeships NI (**Figure 4**).

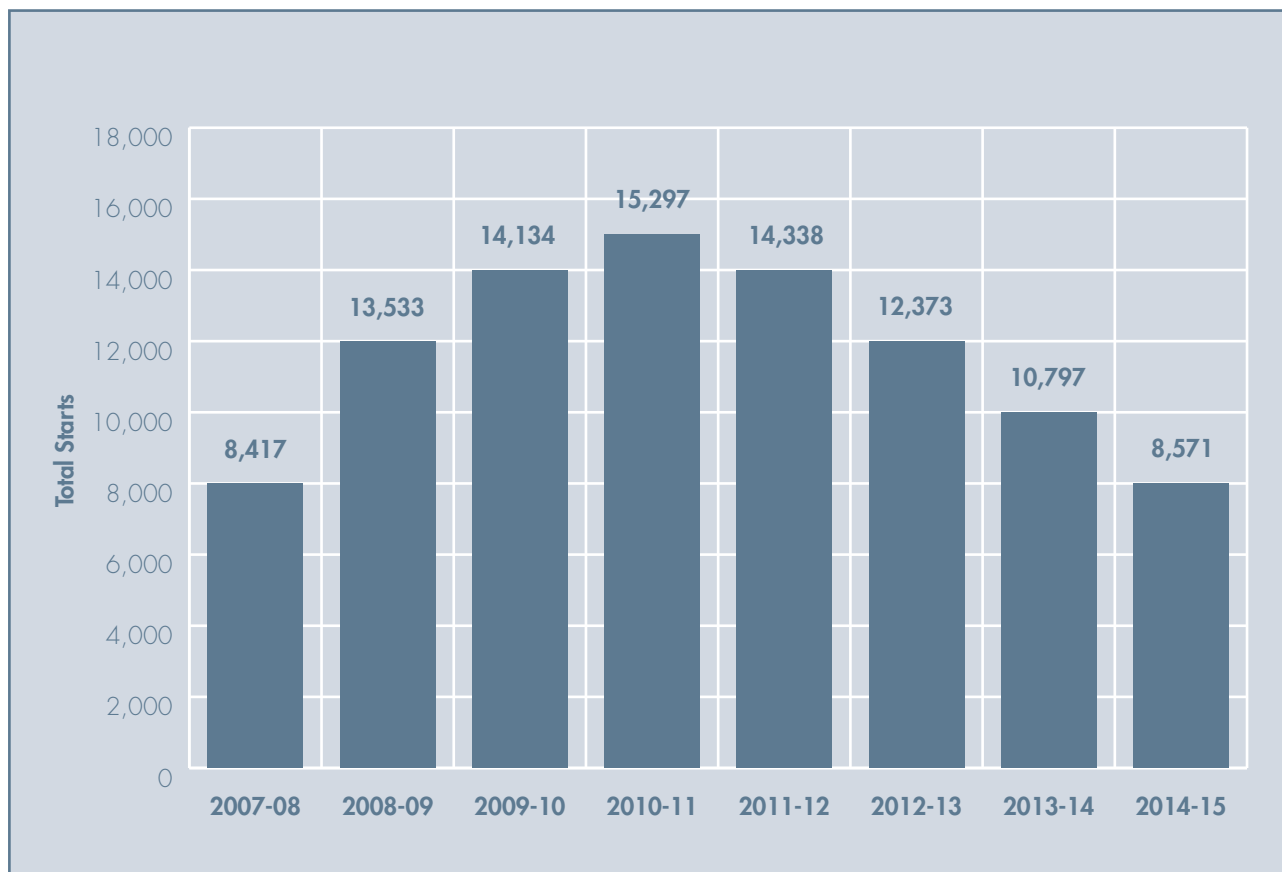
Figure 4: Training for Success and Apprenticeships NI payments 2007 to 2015



Source: Department for Employment and Learning

Part One: Introduction

Figure 5: Total Starts (Training for Success and Apprenticeships NI) 2007-08 to 2014-15



Source: NIAO, from data supplied by the Department for Employment and Learning

Programme Participation

- 1.11 Between 2007-08 and 2014-15, 97,460 participants started on the training programmes (**Figure 5**). This comprised 44,239 participants on Training for Success, including 14,852 on Programme-led Apprenticeships, and 53,221 on Apprenticeships NI.
- 1.12 At April 2015, there were 5,687 participants on Training for Success and 6,636 apprentices in Apprenticeships NI.

Context

The NI economy

- 1.13 The training programmes have been delivered in a period when the Northern Ireland economy has faced significant challenges arising from the economic downturn. Training for Success was introduced in 2007, when the Northern Ireland economy was thriving and there was a need for trained workers to help drive the economic growth

being experienced. A key provision of the programme was the introduction of Level 2 Apprenticeships. However, following 2007, the majority of sectors experienced falls in output and the slowdown in the private sector had a significant impact on the local labour market. There was an increase in job losses and a significant rise in the number of people claiming unemployment benefit.

- 1.14 The Department responded with the introduction of a number of measures to keep people close to the labour market and prepare individuals with the skills necessary for an economic upturn, including Programme-led Apprenticeships (PLA) in September 2009.

Departmental Review of Apprenticeships and Youth Training

- 1.15 In February 2013, the Department began a major review of policy on apprenticeships and youth training. The aim of the review was to ensure that youth training at Level 2 and apprenticeships would reflect the changing needs of the Northern Ireland economy, provide a new system of professional and technical training for apprentices and offer a progression pathway for young people into Level 3 apprenticeships, further education programmes or a sustainable job.

- 1.16 In June 2014, a report on apprenticeships⁶ set out key departmental policy commitments under four themes: Components of an Apprenticeship; Increasing Participation; Partnership; and Ensuring Quality.

- 1.17 A new strategy for youth training⁷ was published in June 2015. The strategy sets out policy commitments under the four themes of: Core Features; Supporting Young People; Delivery and Employer Engagement; and Ensuring Quality. The Department planned to introduce a new system of apprenticeships and youth training from September 2016 but this has been put back to September 2017.

Barriers to trainee achievement

- 1.18 Many trainees enter the Department's training programmes with low levels of educational attainment and often with significant barriers to obtaining qualifications and employment. The barriers to learning can be complex and include under-achievement at school and personal, social, motivational and behavioural problems.

6 'Securing our Success: the Northern Ireland Strategy on Apprenticeships'

7 'Generating our Success – the Northern Ireland Strategy for Youth Training'

Part One: Introduction

Scope of our review

- 1.19 Our study covered the Training for Success and Apprenticeships NI programmes. We examined:
- the effectiveness of the training programmes;
 - the quality of training provided; and
 - the Department's management of contracts with training providers.
- 1.20 The report has drawn on:
- management and performance data, including information on trainee starts, occupancy levels, leavers and main outcomes reported by the Department;
 - Departmental reports and reviews of the programmes; and
 - results of inspections of training providers by the Education and Training Inspectorate and the Department's financial inspection team.
- 1.21 We also interviewed and discussed our findings with officials within the Department and interviewed representatives from a number of training providers. Our review also considered the Department's response to the Westminster Public Accounts Committee report on Jobskills⁸.

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Part Two: Effectiveness of Contracted Training Schemes

Targets

Target-setting

- 2.1 A key measure of a programme's effectiveness is the extent to which it has met its key objectives and the evaluation of outturn against targets. Targets for Training for Success were initially set in 2007 and included in contracts with training providers. New targets were set for the contracts which were let in 2013 (**Appendix 2**).
- 2.2 The 2007 targets were rolled forward each year to 2013 and aimed to measure the performance of each annual trainee cohort (trainees starting in each academic year). The targets were based on those achieved in the Jobskills programme and covered three key performance areas – retention of trainees, progression to further training or employment and achievement of qualifications. Retention was to be measured annually while cohort progress was to be monitored with a view to measuring full achievement of qualifications over a three-year period.
- 2.3 The Department changed the 2013 targets to focus on achievement only. It no longer includes targets for retention and progression. The Department deemed a retention target to be a potential disincentive to progression but it continues to monitor retention and progression at individual supplier level. The Department's intention to focus on targets related to outcomes is welcome. However, in our view, training provision requires a range of performance

measures, and programme targets should include retention and progression along with achievement of qualifications.

- 2.4 Training for Success targets ranged from 40 per cent to 70 per cent for progression of trainees and from 45 per cent to 65 per cent for achievement of qualifications. For Apprenticeships NI, targets ranged from 40 per cent to 65 per cent for achievement of qualifications and 60 per cent to 90 per cent for retention of trainees (**Appendix 2**). No targets were set for the Programme-led Apprenticeships (PLA) element of Training for Success which was introduced in 2008 to replace pre-apprenticeship training (paragraph 1.4 and Figure 1). Targets for pre-apprenticeships were deemed to apply to PLA.

Performance

Assessment of programme performance against key targets

- 2.5 The Westminster Public Accounts Committee report on Jobskills recommended that uniform targets be set across each strand of the programme to ensure that all key aspects of performance are assessed and reported. It highlighted the poor progress of entry level trainees and expected to see challenging targets to bring about marked improvement.
- 2.6 The Department accepted the Committee's recommendations. It indicated that, with the roll out of the new training programme from April

2007, a comprehensive and uniform set of targets would be put in place and monitored carefully.

2.7 In order to assess the effectiveness of the Training for Success and Apprenticeships NI programmes, we sought to examine performance for the cohort years 2007-08 to 2012-13 against the key targets for:

- retention of trainees on the programmes;
- progression of trainees through the programmes; and
- achievement of qualifications by trainees.

2.8 The Department has monitored performance of individual training providers against the targets as part of contract compliance monitoring. However, overall performance of the programmes against targets has not been reported.

2.9 The Department's management information covering the period from 2007 to 2015 did not provide aggregated data on performance against the programme targets. The Department decided not to report on cohort targets but instead to report on achievements obtained in an academic year. It considered that this would facilitate comparison between years. It also considered that there were complexities in reporting on cohorts, mainly as achievement figures for training programmes will change from year to year as participants progress

and also as cohort outcome reporting requires a minimum of two years for participants to complete training. This decision meant that aggregated performance information was not linked to programme targets.

2.10 The Department has resolved the complexity issues of reporting on cohorts. From May 2015, it has been reporting qualification achievements by trainee cohorts for 2009 and subsequent years.

2.11 In the absence of adequate information aggregated at programme level, it is difficult to see how the Department gained assurance on the overall performance of the programmes against targets. Prior to May 2015, progression and qualification achievements were not reported on a cohort basis. Performance against retention targets set in 2007 was not reported.

The Department provides statistical information on programme performance

2.12 Although the Department did not report on performance against targets, it produces statistical bulletins for Training for Success and Apprenticeships NI. The first bulletin was published in March 2013 and they present considerable useful information, including data on:

- the number of starts on the training programmes;
- occupancy (numbers of participants on the programmes);

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- the number of participants who have progressed;
- numbers of leavers; and
- qualifications achieved by trainees.

Since May 2015, bulletins also include qualification achievements by trainee cohort for 2009 and subsequent years (paragraph 2.10).

2.13 Prior to March 2013, the Department was unable to publish comprehensive programme data due to problems with its management information systems. The Department's Client Management System was not fully operational from 2007 to 2012. Reporting modules had not been developed for the management information system and the Department was unable to download, analyse or report on programme performance against targets. Since 2013, the Department has been able to retrospectively analyse and publish data going back to 2007 in the statistical bulletins.

2.14 In addition to the statistical bulletins, an analysis of the performance of the Department's training programmes (including Training for Success and Apprenticeships NI) is included in annual Quality and Performance Reports which are presented to the Department's Senior Management Team and Board and the NI Assembly Committee for Employment and Learning.

Training for Success outcome

2.15 Based on data reported in the Department's statistical bulletins, between 2008-09 and 2015-16 a total of 43,702 participants started on the Training for Success programme. This includes 14,852 participants on Programme-led Apprenticeships (PLAs).

2.16 Based on the number of leavers from the Skills for Your Life and Skills for Work components, the statistical bulletin indicates that just over two-thirds (68 per cent) achieved a qualification and 32 per cent of participants left without a qualification. The measure of progression of trainees includes leavers who have either immediately moved to further education or into sustained employment⁹. A positive progression was achieved by less than one-quarter (23 per cent) of participants (**Figure 6**).

2.17 The data in the bulletin also shows that most trainees did not achieve the higher levels of qualifications available. For example, in the Skills for Your Life component, an average of 9 per cent of leavers achieved Essential Skills Level 2, 30 per cent achieved Essential Skills Level 1 and 37 per cent achieved Entry Level VRQ¹⁰ (**Figure 7**). In the Skills for Work component, an average of 32 per cent achieved the Level 1 VRQ, 25 per cent achieved Essential Skills Level 2 and 5 per cent achieved a Level 2 Technical Certificate (**Figure 8**).

⁹ Employment which is sustained for at least 13 weeks.

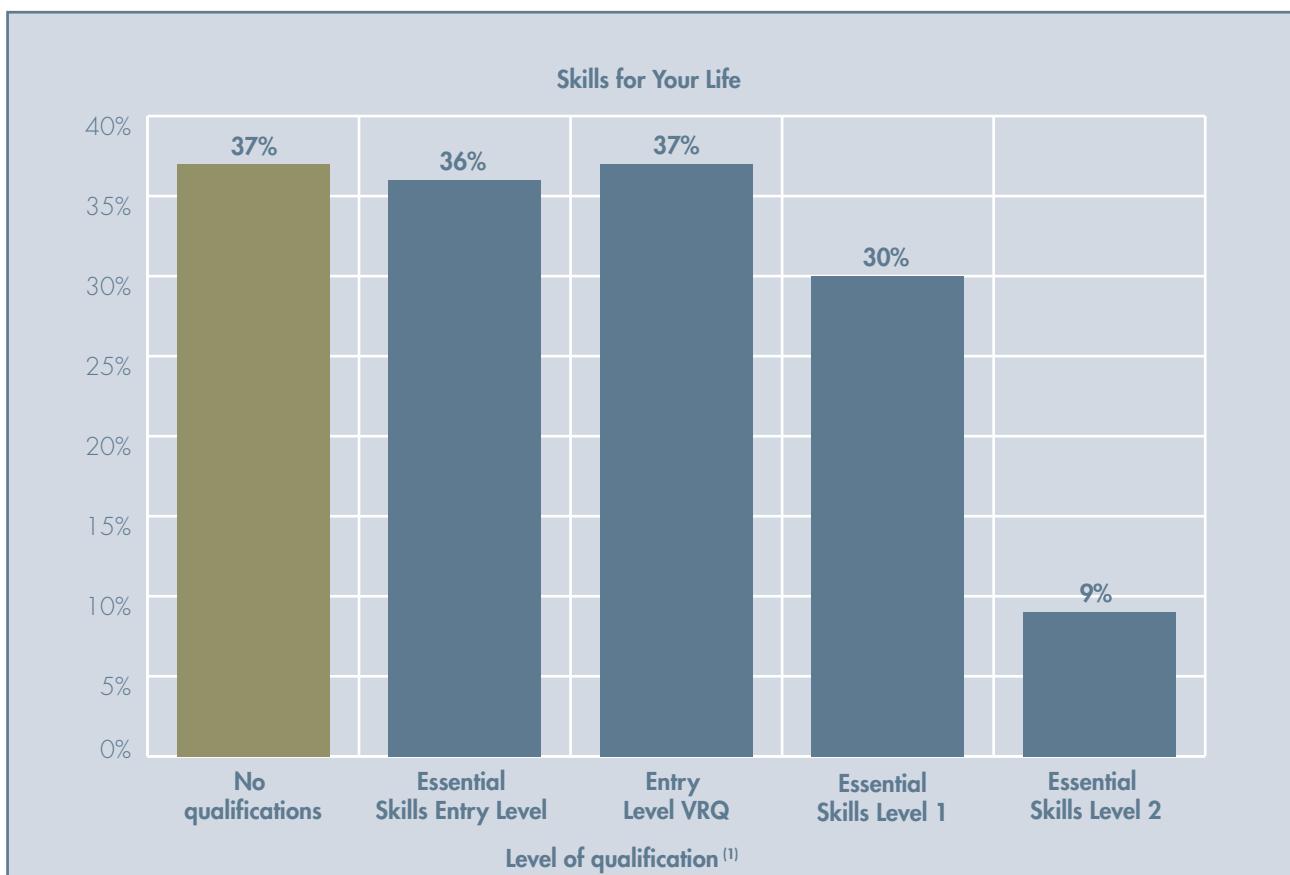
¹⁰ Vocationally Related Qualification

Figure 6: Training for Success: achievement and progression 2008-09 to 2014-15

Training for Success component	Achieving qualification %	Progression to an Apprenticeship, Further Education, Training or Employment %
Skills for Your Life	63	27
Skills for Work	69	22
Overall	68	23

Source: Department for Employment and Learning

Note: The Department had set a progression target of 40 per cent for the first cohort of trainees (trainees starting in 2007-08). The progression target only applied to the 2007 contracts. The outturn data in Figure 6 is not cohort based and so does not correlate directly with the programme target.

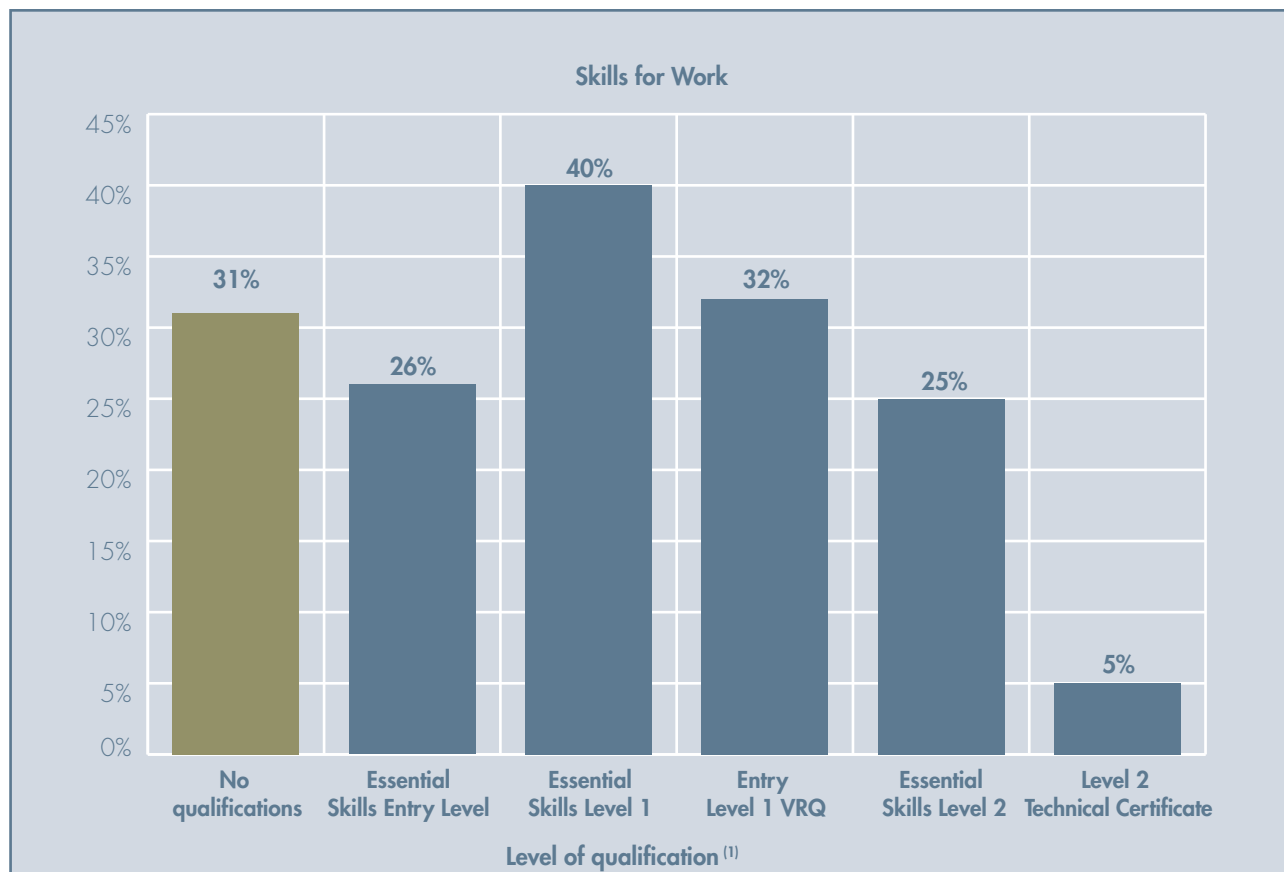
Figure 7: Training for Success: qualifications achieved 2008-09 to 2014-15, Skills for your Life

Source: Department for Employment and Learning

Note 1: It is possible for participants to achieve more than one qualification. The tables show averages for the 7-year period.

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Figure 8: Training for Success: qualifications achieved 2008-09 to 2014-15, Skills for Work



Source: Department for Employment and Learning

Note 1: It is possible for participants to achieve more than one qualification. The tables show averages for the 7-year period.

2.18 Between 2009-10 and 2015-16 there were 14,845 leavers from PLA and 5,203 (35 per cent) gained a full Level 2 apprenticeship framework¹¹. Departmental data¹² indicates that in the years 2009-10 to 2014-15, between 55 and 67 per cent of participants left PLA each year without an NVQ qualification or full apprenticeship framework. Apprenticeship frameworks are designed for those in employment so, in the case of young people on PLA who do not have a job, full achievement presents challenges.

Survey of leavers

In April 2014, the Department undertook a survey to gather additional information about the experiences of participants, their employment status and their views on training. The survey covered all leavers from the Training for Success programme in the period 2011-12 and 2012-13. The aim was to inform the development of future training provision.

Only 242 responses (4 per cent) were received from almost 6,000 questionnaires issued. This low response rate limits the reliance which

11 Apprenticeship Frameworks are developed by industry recognised bodies, such as Sector Skills Councils, and comprise an agreed set of qualifications. When all the required elements (including the relevant NVQ and any applicable Technical Certificate and Essential Skills) have been achieved by a trainee, the Department issues a full framework certificate.

12 Departmental Statistical bulletin September 2008 – October 2015, Table 4.1 (published 24th February 2016)

can be placed on the results. Of those who responded, 70 per cent were satisfied or very satisfied with their experience of their training programme; 74 per cent had not gone on to gain further qualifications since leaving the programme.

The survey also indicated that:

- 56 per cent were unemployed;
- 24 per cent were employed;
- 13 per cent were on an apprenticeship or in further education; and
- 7 per cent were categorised as 'other'.

- 2.19 The low response rate to the Department's survey of leavers indicates the difficulty in obtaining substantive feedback from this approach. Feedback from trainees currently on the programmes is also gathered by the Education and Training Inspectorate (ETI) during inspections of training providers. In our view, the Department should consider how this information could be used in conjunction with feedback from other surveys and consider other methods for tracking the outcomes for participants after they leave the training programmes. The Department has indicated that it will explore possibilities for more cost-effective tracking of leavers from the training programmes.

Apprenticeships NI outturn

- 2.20 On average, 61 per cent of leavers achieved a full framework from the

Apprenticeships NI programme between 2007-08 and 2015-16¹³. Achievement peaked at 72 per cent for Level 2 (2013-14) and 71 per cent for Level 3 (2012-13). For the most recent full academic year (2014-15) 70 per cent achieved a full framework at Level 2 and 67 per cent at Level 3.

- 2.21 Data indicates that on average two-thirds of leavers achieved an NVQ (67 per cent at Level 2 and 67 per cent at Level 3) from the programme between 2007-08 and 2015-16.

Benchmarking and unit costs

- 2.22 The Department does not regularly undertake benchmarking for comparison of performance with other regions in Great Britain or comparison between training providers. In 2005, the Westminster Public Accounts Committee criticised the Department for not carrying out regular benchmarking of the Jobskills programme. The Department accepted the need for formal benchmarking to assess the relative performance of similar schemes and keep abreast of best practice. It agreed to implement formal benchmarking as part of the 2007 programme and to publish the results.

- 2.23 The Department carried out comparisons with international best practice to inform its reviews of Apprenticeships (2014) and Youth Training (2015). It also analysed costing models from England, Wales and Scotland in preparation for the award of contracts in 2010. The Department told us that it was difficult

¹³ The figures are based on the achievement of in-year leavers and not on trainee cohorts.

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to find appropriate comparators for the Training for Success programme and the methodologies for performance measurement and the structure and funding of the various provisions were so different that benchmarking would be of limited value. However, there are a number of broad similarities with Scotland and Wales in apprenticeships provision and the Department's comparison of apprenticeships delivery in Wales and Northern Ireland in 2010 indicated that costs were comparable. The Department has indicated that it will continue to seek opportunities to benchmark against best practice.

2.24 In 2013, the Department introduced a case conferencing process to consider performance and contract compliance across providers. Unit costs can provide a basis for assessing efficiency and benchmarking programmes delivered by the Department or other agencies. They can also help managers at all levels to make informed decisions on allocation of resources. The Department does not routinely measure unit costs because it considers that the fixed price funding arrangements, the complex range of participant options and the output related funding model make the calculation of unit costs extremely complex and of limited value.

2.25 However, unit costs are a basic measure of efficiency and, in our view, the Department should construct a range of unit costs across the programme to help

to gauge differences in efficiency over time and between different providers.

Targeting skills needs

Identification of priority areas and key skills gaps in the NI economy

2.26 Since 2006, a number of research exercises¹⁴ have identified specific regional skills shortages and needs of specific sectors within the Northern Ireland economy. These include:

- skills shortages in the business services and ICT, financial services and manufacturing sectors;
- significant managerial shortfalls;
- potential future shortfalls in people qualified in STEM (science, technology, engineering and mathematics), law and creative arts subjects; and
- the need for 'up-skilling' within the workforce.

2.27 In 2011, the Northern Ireland Advisor on Employment and Skills (NIAES)¹⁵ highlighted the need for a significant increase in professional and technical skills in existing and emerging sectors. Subsequently, in 2012, the Department identified seven sectors as key to assisting the Northern Ireland Economic Strategy objective of rebalancing and

14 Forecasting Future Skills Needs in Northern Ireland (Oxford Economics, 2009); Identification of Priority Skills Areas (Northern Ireland Adviser on Employment and Skills, 2011); and Success Through Skills – Transforming Futures (Department for Employment and Learning, 2011).

15 The Office of the Northern Ireland Adviser on Employment and Skills (NIAES) was established in July 2009 as a bridge between industry and Government and to advise on the employment and skills needs of employers. An independent Employment and Skills Advisory Group was established in June 2009 to support the Adviser in his role.

Figure 9: Priority sectors identified by the Department for Employment and Learning and NIAES

Objective	Sectors identified by the Department for Employment and Learning and the NIAES
Rebalancing the economy	<ul style="list-style-type: none"> • Business services (specifically ICT) • Financial services • Manufacturing (including food and drink, agri-food, advanced manufacturing and advanced engineering) • Life and Health Sciences • Creative Industries and Digital Media
Rebuilding the economy	<ul style="list-style-type: none"> • Hospitality and catering (in support of tourism)* • Retail

*This sector was not identified by NIAES but was subsequently identified as a key sector by the Department

Source: NIAES and the Department for Employment and Learning

rebuilding the local economy. Both the NIAES and the Department identified business services, financial services, manufacturing and retail sectors as having skills deficits (**Figure 9**).

Aligning training provision to meet skills gaps and priority sectors

2.28 In its 2005 report on Jobskills, the Westminster Public Accounts Committee highlighted that:

- there was a substantial 'skills mismatch' between programme provision and the needs of the Northern Ireland economy; and
- a large proportion of the skills attained by trainees had not been used in the workplace.

2.29

The Committee expressed surprise that there was no programme objective to match training provision with the skills needs of the local economy. It also recommended that the Department urgently set targets for reducing the level of skills mismatch between the occupational areas in which individuals were trained and then subsequently employed. Although the Department committed to introducing such targets, none were incorporated into the Training for Success and Apprenticeships NI programmes.

2.30

Following the Committee's report, contracted training provision was developed through the two new programmes. The Department decided not to establish specific sectoral targets for the programmes. This was on the basis that Training for Success

Part Two: Effectiveness of Contracted Training Schemes

is primarily targeted at 16-17 year olds with low levels of academic achievement who make an informed choice of their areas of vocational training; Apprenticeships NI is employer-led and, as such, the prevailing economic conditions and apprenticeship opportunities created by employers have the most significant impact on the uptake of training. As many of the skills learned in training are transferable, the Department also considers that it should not have continued responsibility for the work undertaken by participants after they leave the training programmes.

2.31 The Training for Success programme is designed to enable participants, many of whom have limited educational attainment and significant barriers to employment, to move closer to the labour market, either through progression to higher level training or into employment. In addition, it is the decision of each trainee as to which vocational training course they will undertake, based on their motivation, aspiration, educational attainment and guidance from Careers Service Advisers. The Department told us that these factors considerably limit the scope for aligning Training for Success towards identified skills gaps and priority sector needs.

2.32 Apprenticeships NI frameworks are aligned to a wide range of skill needs across the economy including the identified priority sectors. However, occupancy rates for individual frameworks are determined by current employer need and prevailing economic

conditions. Consequently, there is no guarantee that the identified gaps in skills and priority sectors will be addressed. Since September 2012, following a review of adult training, funding for adult apprentices (aged over 25) has been confined to those in sectors identified as key to rebalancing the economy. The number of adult apprenticeship starts fell from 5,115 in 2010-11 to 387 in 2013-14. This is a significant adjustment of provision in the adult sector.

2.33 Changes to Level 2 training will be taken forward through the Review of Youth Training (paragraphs 1.15 to 1.17). A key proposed measure is that all Departmentally-funded apprenticeships from 2016 onwards will start at Level 3 whereas Level 2 training is currently available.

2.34 Given that the Department considered that it was not appropriate to implement PAC recommendations to set targets and objectives to reduce skills mismatch and address the needs of the economy, there has been no reporting of outcomes at framework level or specific occupational area. The Department considers that such targets would effectively relate to job creation, which is outside the scope of the Apprenticeships NI programme.

2.35 Although it has not set targets for aligning training provision to the needs of the economy, this has been a key element of the terms of reference for the Department's reviews of apprenticeships and youth training. The Department

has stated that both strategies, which are to be implemented from September 2017, set out how provision will be aligned to the needs of the economy and employers.

- 2.36 The nature of the Training for Success programme means that there is limited scope for participants to achieve higher level or STEM qualifications or secure employment within priority sectors. Whilst some participants may achieve these outcomes, the numbers are not known as the Department has not routinely tracked these specific outcomes.
- 2.37 The percentage of Level 3 and priority sector qualifications achieved through Apprenticeships NI increased between

2008-09 and 2014-15. Twenty-two per cent of all qualifications have been STEM related. The number and percentage of Level 3 qualifications in priority sectors has been relatively small (4,183 or 15 per cent). The actual numbers of qualifications in each category declined in 2013-14; the decline continued in 2014-15, for all categories except STEM qualifications (**Figure 10**). The Department told us that this decline was influenced by prevailing economic conditions which have resulted in businesses employing fewer apprentices. It also told us that whilst it recognises the importance of STEM qualifications, its focus on skills is wider than this.

Figure 10: Level 3, STEM and priority sector qualifications achieved within Apprenticeships NI (2008-09 to 2014-15)

Year	Total Apprenticeships NI qualifications	Level 3		STEM*		Priority sector		Priority Sector Level 3	
		%	Number	%	Number	%	Number	%	Number
2008-09	974	7%	69	22%	210	56%	549	2%	16
2009-10	3,401	14%	474	23%	797	30%	1,071	1%	49
2010-11	4,642	26%	1,210	20%	917	30%	1,345	7%	305
2011-12	5,843	39%	2,289	20%	1,161	52%	3,014	19%	1,118
2012-13	5,655	40%	2,256	21%	1,204	50%	2,819	21%	1,192
2013-14	4,604	39%	1,791	23%	1,048	47%	2,182	20%	899
2014-15	3,617	43%	1,575	30%	1,098	50%	1,798	17%	604
Total	28,736	34%	9,664	22%	6,435	44%	12,778	15%	4,183

Source: NIAO from data supplied by the Department for Employment and Learning

*full STEM qualifications achieved

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2.38 The strength of the outcomes delivered by Apprenticeships NI is also difficult to measure given the absence of programme targets and measurement of outcomes. There is scope for enhanced measurement and reporting of key Apprenticeships NI outcomes. For example, the Department has generated data for our review on priority sector qualifications but it has not routinely produced such data or monitored trends in this area.

Performance against Skills Strategy targets

2.39 The Department's revised Skills Strategy has established goals for 'upskilling' the workforce and for achievement of Level 2 and higher qualifications. These cover the full spectrum of the Department's provision, including further

and higher education as well as training programmes.

2.40 Performance for three strategic goals of the Skills Strategy to be met by 2020 has improved from the baseline level (**Figure 11**). However, it is unclear at this stage if these targets will be met. The Department told us that it is considering revising its policy instruments to help ensure that the targets are achieved but that the scope for this would be influenced by restrictions in public spending. The Programme for Government (PfG) target for the delivery of 200,000 qualifications at Level 2 or higher (across all programmes) within the 2011-15 period was exceeded, with almost 300,000 qualifications gained across the four years. Around 30,000 (10 per cent) of these qualifications were in training programmes.

Figure 11: Progress against the Department's Skills Strategy strategic goals

Strategic Goal	2008 Baseline	2015 Target	2020 Target	Position at March 2015
Increase proportion of those in employment with Level 2 skills and above	71.2%	–	84-90%	76.1%
Increase proportion of those in employment with Level 3 skills and above	55.6%	–	68-76%	59.0%
Increase proportion of those in employment with Levels 4 to 8 skills and above	33.2%	–	44-52%	36.5%
PfG target Deliver at least 200,000 qualifications at Level 2 and above in the 2011-15 period	–	200,000		298,762 delivered in the period 2010-11 to 2013-14

Source: Department for Employment and Learning

Part Three:
Quality of training



Part Three: Quality of training

Structure and processes

- 3.1 In 2007, the Department introduced its quality improvement strategy, Success Through Excellence, which aimed to ensure high quality provision across its funded programmes. It has established an extensive quality assurance framework for the systematic evaluation of quality across all providers and promotion of continuous improvement in training provision. This includes inspection by the Education and Training Inspectorate (ETI), self-assessment by training providers, monitoring of contract compliance by Departmental contract managers and provision of support to training providers to address areas for improvement.
- 3.2 A key element for the delivery of the strategy was the role of the Department's Supplier Performance Branch (SPB)¹⁶. It was established in September 2006 with responsibility for quality improvement and contract management of the training programmes. A Quality Improvement Adviser (QIA) was also appointed in 2005 to develop the strategy and to oversee the quality monitoring and improvement activities across the programmes. The QIA, a former ETI inspector, works with the ETI to ensure that inspection activities meet the needs of the Department and that areas for improvement identified through inspection are acted upon in an appropriate timescale. All providers are required to ensure their staff achieve a Certificate in Teaching which has been designed to meet the needs of tutors within the work-based learning sector.
- 3.3 The ETI provides inspection services to the Department across further education and training and employment programmes. Initially, inspections of training organisations were scheduled on a four-year cycle. A three-year cycle was introduced with effect from 2009-10. Training providers are also required to submit an annual self-evaluation report and quality improvement plan. The ETI determines its own inspection methods and provides independent reports and other advice.
- 3.4 The Department commissions its annual inspection programme through a business plan with the ETI, and it is agreed subject to resource allocation. The aim is to ensure that the quality of provision is monitored across all contracted training suppliers and that the frequency of inspections of training providers is proportionate to risk. If poor quality is identified then progress towards improvement is monitored and reported on. If there is limited or no improvement in quality of provision then the Department may withdraw the contract.

The Quality Assessment System

Supplier self-evaluation

- 3.5 The Department's strategy for continuous improvement in the quality of provision requires each provider to carry out an annual self-evaluation of the quality of their provision. Providers must grade

16 SPB was referred to as Quality and Performance Branch (QPB) until 2014

themselves against ETI quality indicators¹⁷. They are also required to set out a quality improvement plan to address weaknesses and promote improvement. The aim is to ensure that each provider can evaluate their provision in line with Departmental quality standards and implement a programme of improvement where necessary.

3.6 Providers' self-evaluations and quality improvement plans are formally evaluated by the ETI. In the period from 2007 to 2011, the assessment was a desk-based exercise. The results for the period indicated that the standard of self-evaluation was generally improving. However, the Department recognised that the desk-based review of self-evaluation could be improved. Providers were becoming more adept at writing self-evaluation reports for the reader but not accurately reflecting the quality of provision on the ground.

3.7 Since 2011, the ETI carries out a short inspection of each supplier to review and assess the self-evaluation report and to allocate a confidence level. This is in addition to the rolling cycle of full inspections. The Department also holds workshops for providers who are either inexperienced in this process or who are experiencing difficulties in evaluating rather than describing their provision.

3.8 The ETI assessments since 2011 indicate that confidence in suppliers' ability to complete effective self-evaluation of their provision has improved. In 2013-14, 93 per cent of self-evaluations gained a 'high degree of confidence' or 'confidence' rating, while 7 per cent (three suppliers) were assessed as having 'limited confidence' (**Figure 12**). Two of these suppliers had entered the programme in 2013 and the third supplier was under intensive monitoring to determine if their contract would be ended.

Figure 12: Confidence levels awarded to suppliers' self-evaluations

Confidence Levels	2011-12		2012-13		2013-14	
	Number	%	Number	%	Number	%
High Degree of Confidence	9	21%	15	35%	17	38%
Has Confidence	25	58%	27	63%	25	55%
Limited Confidence	9	21%	1	2%	3	7%
No Confidence	0	0%	0	0%	0	0%
TOTAL	43	100%	43	100%	45	100%

Source: Department for Employment and Learning

¹⁷ Improving Quality: Raising Standards (IQ:RS) is the ETI's quality assurance framework for further education and work-based learning. It is linked to the Department's strategy for quality improvement "Success Through Excellence: A Quality Improvement Strategy for the Further Education and Training System in Northern Ireland".

Part Three: Quality of training

ETI quality inspections

3.9 In addition to the self-evaluation process, the quality of training provision is independently assessed by ETI inspection. The ETI carries out a range of inspection types:

- full graded inspection;
- follow-up graded inspection in cases where the need for quality improvement is identified;
- longitudinal graded inspection; and
- monitoring visits.

3.10 Since 2009-10, the Department has aimed to have a graded inspection of all suppliers within a three-year cycle (paragraph 3.3). The QIA liaises with the Department's Training Programmes, Contract Management and Supplier Performance Branches to plan inspections. A formal case conference process was introduced in the 2013 contracts. The selection of suppliers for inspection is based on an analysis of risk including whether they had previously held a training contract, the length of time since previous inspection, the confidence level for self-evaluation and any concerns arising from contract management. New suppliers are scheduled as a priority and are subject to an initial two-phase longitudinal inspection.

3.11 The outworking of the planning process is reflected in a business plan. However, in our view, whilst this process draws on information from various strands, the assessment of risks in the selection and prioritisation of suppliers for inspection is not adequately demonstrated. It is important that the selection of the ETI inspection programme is clearly documented and that the risk criteria are transparent.

3.12 The ETI assesses supplier performance against quality indicators and allocates a performance grade (**Figure 13**). The inspection focuses on three aspects of provision:

- leadership and management;
- quality of provision for learning; and
- quality of achievements and standards.

3.13 Monitoring visits and follow-up inspections are undertaken in cases where provision (overall, for any professional and technical area or for Essential Skills) is evaluated as satisfactory (Grade 4) or lower. Where inspections identify concerns, suppliers are made aware of the improvements needed and the contractual implications of failing to improve. Suppliers are required to put an improvement plan in place. The follow-up inspection process monitors and reports on individual supplier progress towards improvement

Figure 13: ETI Performance Level Grading Scale

Grade	ETI Grade Descriptors	Performance Level Training Programmes		
1	Outstanding and the quality of pastoral care is also outstanding	Outstanding Very high quality of provision and the supplier has demonstrated capacity for continuous improvement	Meeting contractual requirement	No follow-up inspection required
2	Very good; major strengths	Very Good Very high quality of provision and the supplier has demonstrated capacity for continuous improvement		
3	Good; important strengths in most of provision. The organisation has the capacity to address the areas for improvement identified.	Good No urgent quality issues and management has shown a capacity to improve.		
4	Satisfactory but with areas for improvement in important areas which need to be addressed.	Satisfactory Although the supplier has met its contractual obligations, the Department requires an improvement plan and follow-up inspection to ensure provision improves to at least good.	Not meeting contractual requirement	Follow-up inspection required
5	Inadequate with significant areas for improvement which require prompt action.	Inadequate Many issues of concern will have been identified and the supplier has not met its contractual obligations.		
6	Unsatisfactory with major shortcomings which require urgent action.	Unsatisfactory Many issues of concern will have been identified and the supplier has not met its contractual obligations.		

Source: Department for Employment and Learning; Education and Training Inspectorate

Part Three: Quality of training

with a re-grading after final follow-up inspection. The Department offers suppliers post-inspection support to help achieve the desired improvement.

3.14 The nature and extent of follow-up depends on the profile of performance levels awarded for individual professional and technical areas and the overall quality of provision. The follow-up inspection process takes between 12 and 18 months to complete from the original inspection. Where poor quality is identified and no improvement is made then the contract may be withdrawn. Over the six-year period from 2007 to 2013, nine (17 per cent) of the original 54 suppliers awarded contracts in 2007 ceased provision. Three were terminated due to unsatisfactory ETI reports and the remainder either voluntarily ceased training provision or entered administration.

3.15 A considerable amount of work is carried out to ensure that quality of provision is maintained. The Department reports that most suppliers improve performance in response to follow-up work. In addition to the range of ETI inspections and visits, the Department uses workshops, training events and other initiatives, such as the Further Education Quality Managers' Forum, to address weaknesses and promote good practice in areas including:

- training strategies to improve the quality of teaching and learning;
- behaviour management and barriers

to learning;

- employer engagement and integrating workplace and directed training experiences;
- using technology to support training;
- providing careers education, information, advice and guidance; and
- quality assurance, including self-evaluation and improvement planning.

Reporting of ETI inspection results

3.16 Annual reports are provided to the Department's Senior Management Team and the Departmental Board on outcomes from inspections carried out during the year and the response to inspection findings across further education and training and employment programmes. These reports combine findings from ETI inspections and contract compliance monitoring visits and include a summary of recurring weaknesses and areas of concern. The Department and ETI also provide annual reports on the quality of provision across all programmes to the NI Assembly Committee for Employment and Learning.

3.17 The ETI Chief Inspector's biennial reports on the quality of provision based on inspections across the various sectors are presented to the Department's senior management, the Departmental Board

and the Committee for Employment and Learning. All individual ETI reports are also provided to the Department's senior management.

3.18 The results of ETI inspections are not collated and reported to provide an analysis of performance across the training programmes over time. The annual reports summarise key findings from inspections of individual suppliers but do not provide comparative data over the contract period to identify any trends or assess the ongoing quality of provision across the programmes and the range of providers.

3.19 Areas for improvement which have been identified in the annual reports and addressed through improvement plans include:

- poor planning and delivery of essential skills;
- low retention rates;
- poor co-ordination, collaboration and planning between suppliers and employers;
- lack of genuine 'upskilling' and added value to apprenticeship programmes with too much emphasis on the accreditation of existing competencies;
- ineffective monitoring of trainee progress and potential barriers in the workplace including workplace training;

- ineligible participants; and
- the need for greater emphasis on attainment of Departmental targets.

Inspection findings

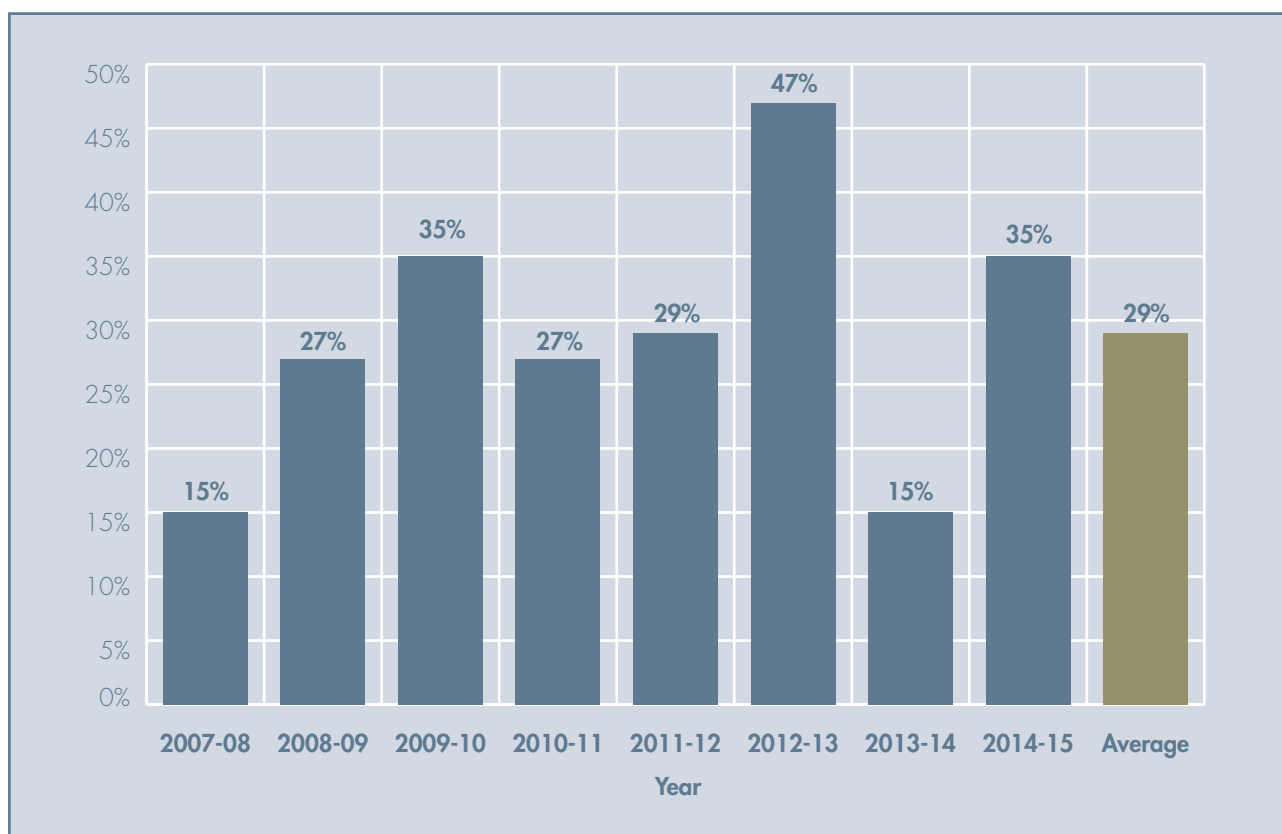
3.20 The results of ETI inspections indicate that the quality of training provision has been generally of a good or better standard but there have been variations in the standard of provision (**Appendix 3**).

3.21 The terms of the training contract require that suppliers achieve a performance level of at least satisfactory (Grade 4). However, those achieving a satisfactory level of performance or lower will be subject to follow-up inspection and action to improve performance (paragraph 3.13).

3.22 Over the period 2007 to 2015, 71 per cent of inspections were graded as good (Grade 3) or better. Twenty-nine per cent were graded as satisfactory (Grade 4) or lower and therefore required follow-up inspections (**Figure 14**). An inadequate level of performance (Grade 5) was awarded in nine per cent of inspections. No suppliers were given an unsatisfactory grading (Grade 6).

Part Three: Quality of training

Figure 14: Percentage of ETI inspections of Training for Success and Apprenticeships NI at Grades 4, 5 & 6 (2007-08 to 2014-15)



Source: NIAO, from data supplied by the Department for Employment and Learning

3.23 Not all providers were subject to a graded inspection within the original contract period of 2007 to 2010. Initially, inspections of training organisations were scheduled on a four-year cycle (paragraph 3.3) and, in this period, 43 providers received a full inspection. At any given time there were between 46 and 51 providers. In the first three-year cycle, commencing in 2009, 38 graded inspections were completed. On the basis of a rolling three-year cycle, the target for this key priority was not achieved in subsequent years (**Figure 15**).

3.24 The Department told us that it had made a decision not to give Further Education Colleges a graded inspection until their management structures had stabilised following college mergers in 2007. The Colleges were, however, subject to ongoing scrutiny through monitoring visits and ETI survey work.

3.25 In the six-year period to 2013, 29 per cent of suppliers had only one graded inspection. Over the eight-year period to 2015, this figure dropped to 19 per cent. In some cases, the period between graded inspections is four years

Figure 15: Number of training programme graded inspections 2007-08 to 2014-15

Year	Graded Inspections			Rolling 3 year total from 2009-10	
	Full Inspections	Follow-up Inspections	Total Inspections	Full Inspections	Inspections including follow-up
2007-08	9	12	21	–	–
2008-09	8	7	15	–	–
2009-10*	13	4	17	–	–
2010-11	13	2	15	–	–
2011-12	12	2	14	38	46
2012-13	9	6	15	34	44
2013-14	9	4	13	30	42
2014-15	15	5	20	33	48
Total	88	42	130		

* Introduction of three-year inspection cycle

Source: NIAO from data supplied by the Department for Employment and Learning

or longer (**Appendix 3**). During the first two years of the Training for Success and Apprenticeships NI programme (2007-08 and 2008-09), a number of the inspections undertaken were follow-up inspections related to previous Jobskills provision. These were carried out where earlier inspections had identified areas for improvement. The inspections considered the quality of provision for residual Jobskills participants as well as for participants on Training for Success and Apprenticeships NI.

3.26 The ten highest paid suppliers received £299 million (64 per cent of total programme expenditure) over the period 2007-08 to 2014-15. Analysis of the results of graded inspections of these providers (**Figure 16**) indicates that:

- one of the providers [D] received £41 million but did not have a full inspection in the five years prior to 2013-14;
- one provider [F] was graded as satisfactory in consecutive years, then after a three year gap, was graded inadequate in 2012-13. After a gap of a further year, the provider was graded as good (Grade 3) in 2014-15; and
- a further two suppliers [A and G] were graded as satisfactory in inspections over a number of years before showing improvement.

Part Three: Quality of training

Figure 16: Overall Inspection grades for ten highest paid suppliers 2007 to 2015

Supplier	Funding £m	ETI Inspection Rating							
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
A	48.1	4	*	4			4	3	
B	44.9			3				3	
C	42.9	3			3		**		
D	41.4	3						1	
E	26.6	3		4		2			2
F	22.8	4	4				5		3
G	22.4		3				4	4	3
H	17.1			3		4		3	
I	16.5			2				2	
J	16.2			1					1

* Grade challenged by supplier. Inspection report and findings confidential due to referral to Ombudsman

**Follow-up inspection to reassess two skills areas from 2010-11 inspection. Skills areas re-graded but not overall rating.

Source: NIAO from data supplied by the Department for Employment and Learning

Part Four:
Contract management



Part Four: Contract management

Management of contracts

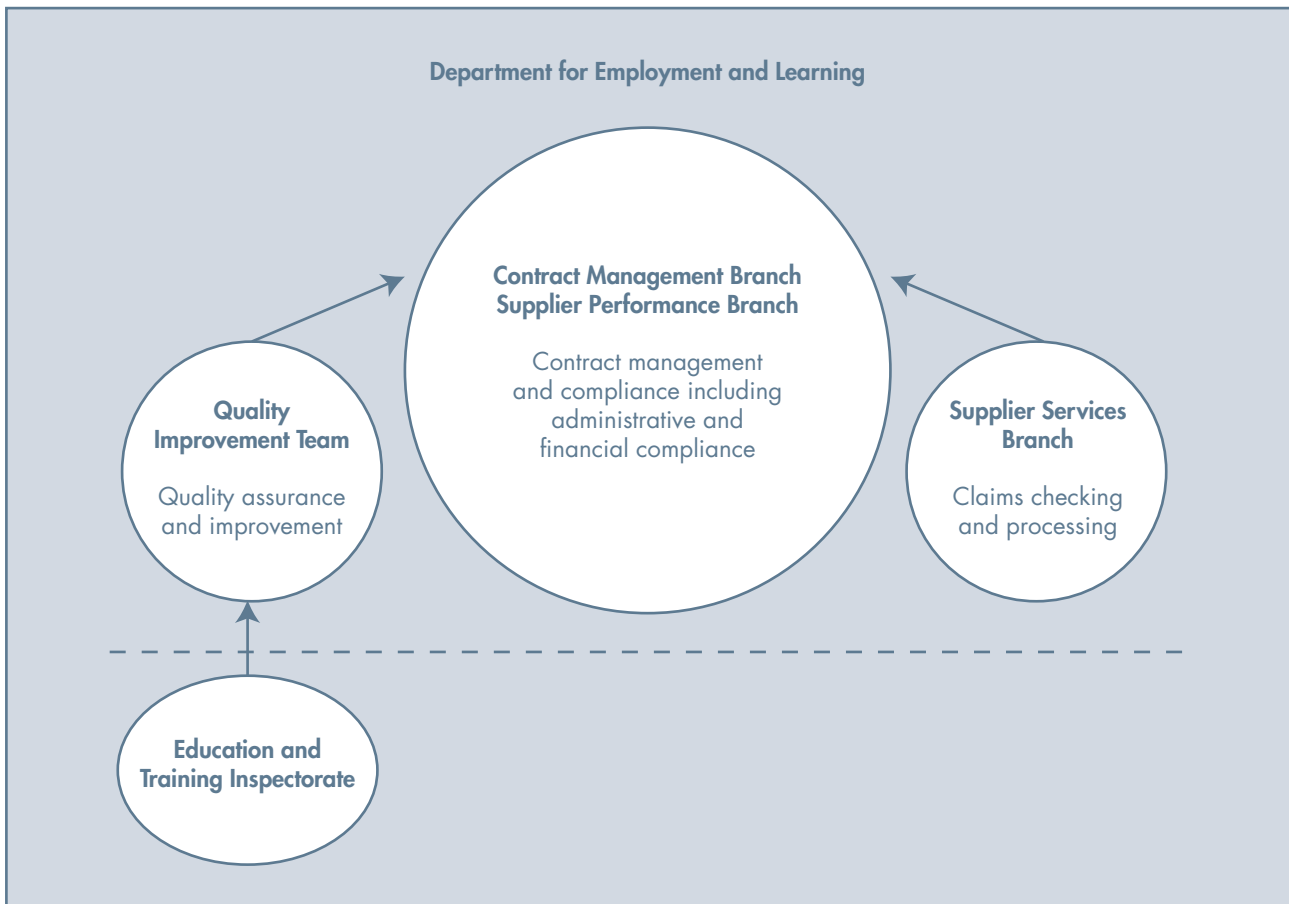
- 4.1 Management of contracts with training providers involves a number of branches within the Department. In April 2015, the Department merged its Supplier Performance Branch (SPB) and Financial Audit and Support Team (FAST). The new SPB works alongside a new Contract Management Branch which was established in June 2014. (Figure 17).
- 4.2 The Department’s contracts with training providers incorporate guidelines for the training programmes. These set out the arrangements for funding and delivery. SPB carries out visits to contractors to

monitor compliance with contract terms including the Department’s guidelines. Visits are scheduled on a risk basis with high and medium risk suppliers receiving additional visits within a calendar year. In cases where non-compliance is identified, remedial action and follow-up visits are undertaken.

Departmental review of contract management

- 4.3 In November 2013, the Department completed a fundamental review of its contract management arrangements for large scale training and employment

Figure 17: Departmental structure for management of contracts



Source: NIAO from data supplied by the Department for Employment and Learning

programmes. The review drew on a range of previous publications from government bodies and NIAO¹⁸ and is intended as a best practice guide for staff involved in the awarding and management of contracts. The review concluded that although the Department had comprehensive contract management arrangements in place there was scope for further improvement. A similar conclusion was reached by a Departmental review in 2007.

4.4 The review recommended that the Department should agree a corporate contract management strategy and work programme and made 11 recommendations on the establishment and management of contracts (**Appendix 4**). These relate to:

- improving corporate reporting on contract performance and compliance;
- the need for appropriately trained contract management staff;
- having clear and meaningful key performance indicators (KPIs);
- dealing with unsatisfactory performance;
- ensuring management information is used to manage supplier performance; and
- co-operation between the Department and providers to drive continuous improvement.

4.5 The review was not completed in time to impact on the tendering and letting of the 2013 contracts for Training for Success and Apprenticeships NI. However, some changes were made for the 2013 contracts in relation to target setting, more effective collection of management information and the introduction of formal case conferencing as part of the monitoring of contract delivery.

4.6 The Department also took forward some of the recommendations when contracting for delivery of Steps 2 Success, the Department's main employment programme, in 2014. The Department aimed to review the contract management function for Steps 2 Success in 2015. However, this has been revised and the review is now scheduled for 2016.

4.7 As stated by the Department's review, it is crucial that contract managers are involved from the beginning of the procurement process through to the award of contracts and service delivery. Clear understanding and documentation of the roles and responsibilities of the relevant branches and teams within the Department is also important to ensure that the management of contracts is co-ordinated and operating effectively. Formal case conferencing, involving relevant branches in discussions to identify and tackle poor performance of contractors, was introduced in December 2013 and is helping to address this issue.

Part Four: Contract management

4.8 The review recognised the need for contracts to include clear and meaningful KPIs. It also highlighted the need for adequate corporate reporting to senior management of key contract performance and compliance measures. These are crucial to improve the Department's management of contracts.

4.9 The Department is currently addressing the areas covered by the recommendations of the contract management review and has:

- established processes for the involvement of contract management staff at an early stage of policy development when procurement issues may arise;
- created standardised documentation, including updated job descriptions for staff and revised Service Level Agreements;
- enhanced its use of risk assessments and introduced formal case conferencing to help manage contractor performance;
- provided accredited training in contract management to staff involved in the management of large scale contracts;
- prioritised the creation of effective targets and KPIs for new contracts;
- developed new management information reports for Training for Success and Apprenticeships NI; and

- been developing annual reports for senior management at supplier and programme level covering compliance and contract management issues, including performance against targets.

4.10 We fully endorse the recommendations of the Department's review of contract management. It is essential that the recommendations continue to be implemented as a matter of priority.

Extension of Contracts

4.11 In 2007, contracts for the delivery of the Training for Success were awarded to 54 training providers. The contracts were awarded for an initial period of three years to March 2010 but contained provision for two separate one-year extensions by agreement. Ultimately, the contracts were extended to 2013.

4.12 The Department intended to re-contract the provision in March 2010 at the end of the initial three-year period. This would have enabled it to address operational issues, including barriers to progression from Level 2 to Level 3, recommendations of an Expert Working Group on Disability and new standards for the qualification of tutors. However, protracted discussions with the Department of Finance and Personnel Central Procurement Division (CPD) meant that preparations were not in place in time to complete the re-contracting. Because of the delay, the

Department invoked the first one-year extension from April 2010.

- 4.13 There were further delays in re-contracting. The two-stage re-tendering process¹⁹ formally began in November 2010 and was scheduled for completion in May 2011. However, a challenge by one of the training providers to the first stage tender evaluation decisions halted the process in February 2011. Due to the ongoing legal action, the Department agreed to a second extension of the contracts to March 2012. The contracts were further extended to 2013 under a number of direct awards (without competition) until new contracts could be put in place.
- 4.14 After due process, the legal challenge was upheld by the High Court and the Department lost an appeal. Between June 2013 and August 2013, 75 new contracts for Training for Success and Apprenticeships NI were awarded to 44 training providers.
- 4.15 The extension of contracts without formal review of performance poses a risk to value for money and provides no incentive to improve standards. This also happened under the Jobskills programme. While delays due to legal challenges were outside the Department's control, it is important that any re-contracting process is commenced as soon as possible within the timeframe of the contract. This will reduce the risk of requiring contract extensions beyond the periods provided for in the original contract.

Financial inspection and control

- 4.16 FAST carried out post-payment compliance inspections on a sample of Training for Success and Apprenticeships NI payments. The main objectives of the inspections were to ensure that:
- supplier systems and controls complied with Departmental standards;
 - a good audit trail of documents supporting claims was maintained; and
 - the Department was safeguarded from losses (which may occur through ineligibility of expenditure, overpayments, irregularity or fraud).
- 4.17 The incorporation of FAST within the Department's Supplier Performance Branch in April 2015 (paragraph 4.1) provides the opportunity for its work to be more closely aligned with the Department's contract management activity.
- 4.18 The sample of suppliers inspected by FAST was determined on a risk basis, taking into account levels of expenditure, complexity of the programme, number of suppliers delivering the service, the level of Departmental control and previous audit history.
- 4.19 Between 2008-09 and 2014-15, inspections covered almost £21 million (5 per cent) of expenditure from total

¹⁹ The process comprised a pre-qualifying questionnaire (Stage 1) and selection (Stage 2).

Part Four: Contract management

Figure 18: FAST Inspections 2008-09 to 2014-15

Year	Number	Total Programme	Sampled by FAST		Amount Assured by FAST		Recoveries		
		£million	£million	%	£million	%	Identified £'000	Accepted £'000	Recovered £'000
2008-09	56	36.3	1.4	3.8	1.4	99.7	4	4	4
2009-10	41	59.6	1.7	2.9	1.6	94.8	86	86	86
2010-11	75	71.6	4.6	6.4	4.5	98.5	124	120	120
2011-12	29	78.0	4.1	5.3	4.1	98.4	47	44	44
2012-13	47	79.2	4.4	5.5	4.2	94.8	226	224	224
2013-14	53	23.3	1.6	7.0	1.4	85.0	24	23	23
2014-15	26	64.0	2.8	4.4	2.8	99.0	29	29	29
Total	327	412	20.6	5.0	20	95.7	540	530	530

Source: FAST Annual Reports

programme expenditure of £412 million. FAST provided satisfactory assurance on 96 per cent (£20 million) of the sample (**Figure 18**).

4.20 Net overpayments of £540,000 were identified by FAST in the seven-year period. Following discussions with providers, this figure was revised to £530,000²⁰. In most cases, errors found by FAST were reported as administrative discrepancies and non-compliance with guidelines. These errors are in addition to those identified during the pre-payment checks on all claims (paragraph 4.24).

4.21

The Department does not know what the overall payment error rate is for the training programmes. In the absence of such information, it is not clear if the financial management of contracts is effective or not. The Department told us that it has recently incorporated a more detailed consideration of individual supplier risk and will further develop its sampling methodology. In our view, the Department should undertake a one-off statistically-based sample of payments to determine an estimate of the overall payment error rate and to gauge whether further action is needed in this area.

²⁰ After FAST inspections, the Department meets with providers to discuss findings, including financial errors. A provider may not accept all findings. The provider may be able to provide reasonable explanations for overpayments identified by FAST which may be adjusted as a result.

4.22 For each year from 2007-08 to 2014-15, FAST provided an overall 'satisfactory' assurance opinion on Training for Success and Apprenticeships NI expenditure. Only two inspections of individual providers during that period resulted in a rating below satisfactory (one limited and one non-assurance opinion).

4.23 In the same period, FAST made almost 3,300 recommendations based on its inspections of all of the Department's training and employment programmes, 98% of which were accepted (Figure 19). These recommendations are classified as high, medium or low priority. No high priority recommendations were made in respect of training programmes. During the course of its work, FAST reported irregularities found to contract managers for consideration. After review, no irregularities were deemed to be potentially fraudulent but were considered to be administrative failings.

4.24 In addition to the post-payment inspections carried out by FAST, the Department carries out pre-payment checks on all claims. Over the period from 2007 to 2015, the average error rate in claims was 0.6 per cent. Ninety-two per cent of the adjustments resulted from supplier errors (Figure 20).

4.25 Prior to April 2015, the frequency and patterns of errors made by suppliers was not routinely analysed to identify common causes of error or whether any providers persistently make errors in claims. Since April 2015, the Department carries out monthly analysis of corrections and adjustments. When errors are detected, the Department seeks to correct claims. There is no clear mechanism through the contract to incentivise suppliers to improve the accuracy of claims and minimise the Department's risk of overpayments.

Figure 19: FAST recommendations to contract managers 2008-09 to 2014-15

Risk Category	Number of recommendations	Recommendations accepted by contract managers	
		Number	%
High	3*	3	100%
Medium	609	597	98%
Low	2,661	2,609	98%
Total	3,273	3,209	98%

* High priority recommendations relate to the Steps 2 Work employment programme.

Source: NIAO, from data supplied by the Department for Employment and Learning

Part Four: Contract management

Figure 20 : Summary of the errors identified by pre-payment checks 2007 to 2015

Year	Total Value Claimed £m	Total value of pre-payment errors identified £m	Errors % of total claimed	Total number of adjustments	Adjustments attributed to supplier error	
					Number	%
2007-08	10.5	0.1	0.7%	24	21	88%
2008-09	35.6	0.3	0.9%	347	308	89%
2009-10	55.8	0.6	1.0%	515	425	83%
2010-11	70.3	0.4	0.6%	420	384	91%
2011-12	83.9	0.6	0.7%	384	378	98%
2012-13	80.1	0.4	0.5%	390	383	98%
2013-14	73.6	0.2	0.3%	285	271	95%
2014-15	64.1	0.2	0.3%	240	215	90%
Total	473.8	2.8	0.6%	2,605	2,385	92%

Source: Department for Employment and Learning

4.26 The Department should undertake more detailed analysis of the causes, types and frequency of errors and consider for future contracts the introduction of appropriate sanctions for providers who regularly have errors in their claims, or persistently do not comply with contract guidelines. It is important that any system of sanctions or penalties is balanced and proportionate and applied in a way which does not undermine the level of service provided for trainees. However, these steps could help to improve contract management and the prevention and detection of fraud and error.

Complaints and Whistleblowing

4.27 Information obtained from complaints and whistleblowing can provide important intelligence to public bodies about risks to service delivery, poor value for money or potential fraud. Effective internal and external procedures to encourage the reporting of concerns and ensure properly managed investigations are essential good practice.

4.28 In relation to training programmes, the main sources of complaints or whistleblowing allegations²¹ are likely to be trainees, employees of training organisations or Departmental staff.

21 Complaints generally relate to the *treatment of an individual*. Whistleblower allegations tend to centre on *alleged wrongdoing, malpractice or poor practice*. Whistleblowers do not necessarily have any self interest in the issues being raised.

Departmental internal whistleblowing arrangements

4.29 The development of the Department's internal whistleblowing procedures has been an ongoing process and has reflected evolving best practice. The Department's current policy was introduced in 2012 and followed a 2008 template set out by the Department of Finance and Personnel (DFP)²². It was updated in March 2015 after the four UK audit agencies issued guidance on whistleblowing²³. Overall, the Department's current internal policies and procedures compare well with good practice.

Arrangements for external whistleblowers

4.30 Strong external whistleblowing policies are important in the context of training programmes. Trainees and employees of training providers are well placed to identify concerns, for example in relation to the quality of service provision or potential malpractice. Through its monitoring of providers' compliance with contracts, the Department seeks assurance from providers that they have whistleblowing policies and processes in place for complaints and allegations from external stakeholders.

4.31 In 2012, the Department advised staff to bring Departmental policies on whistleblowing to the attention of arms-length bodies including contracted training providers. A formal

whistleblowing policy enabling external parties to report concerns directly to the Department was introduced in August 2013. The Department also introduced a direct line for external stakeholders.

4.32 In September 2012, the Westminster PAC²⁴ indicated the importance of complaints in highlighting poor service quality or improper practice. The Westminster PAC had particular concerns that the Department for Work and Pensions (DWP) in Great Britain was unaware of complaints made directly to supplier organisations.

4.33 The Westminster PAC also recommended that the DWP publicise its arrangements to enable whistleblowers to raise concerns. The Department's external guidance is available on its website but until relatively recently, it was not promoted in any other way. In October 2015, the Department issued an internal notification to remind staff that its whistleblowing guidance for external stakeholders was available on the Departmental intranet and website. The notification was subsequently issued to Training for Success and Apprenticeships NI providers. The notification also advised staff that training providers should make clients aware of the whistleblowing procedures available to them and to make providers aware that the Department should be notified of the nature and extent of complaints made directly to providers. In addition, all Training for Success participants receive a handbook which advises them

22 DAO 11/08

23 Whistleblowing in the Public Sector; published by the National Audit Office, Audit Scotland, Wales Audit Office and the Northern Ireland Audit Office (November 2014).

24 Preventing fraud in contracted training programmes, PAC Fifteenth Report of Session 2012-13; HC 103 (17 September 2012).

Part Four: Contract management

to contact their local Careers Office if a complaint has not been satisfactorily resolved.

4.34 These improved measures should help enhance control in this area. However, they will need to function properly in practice if they are to be fully effective.

4.35 Over the period from 2007 to March 2016, the Department recorded no internal or external whistleblowing allegations in relation to training programmes. The guidance on whistleblowing issued by the four UK audit agencies notes that a low volume of complaints could be interpreted either positively (that whistleblowing procedures and policies are working well) or negatively (that individuals are afraid to speak up or unsure of how to raise concerns).

4.36 The audit agencies and the Committee on Standards in Public Life advocate that organisations seek positive assurance that whistleblowing policies and procedures are working effectively and have emphasised the importance of staff confidence in whistleblowing arrangements. The Department has reviewed its policies to ensure consistency with best practice but has not engaged with staff or stakeholders to assess confidence in the policies. In view of the absence of any complaints or whistleblower allegations across these programmes we consider that the Department should engage with participants to confirm that they are aware of and have confidence in the current external whistleblowing processes.

Appendices



Appendix 1:

(paragraph 1.6)

Training for Success and Apprenticeships NI training providers and total expenditure 2007-08 to 2014-15

Contracted Training Provider	Training provided under contract			Total Expenditure (£million)
	Training for Success	Programme-led Apprenticeships	Apprenticeships NI	
A4e	✓		✓	10.09
Ballycastle Community Workshop Training Ltd	✓	✓	✓	1.24
Belfast Central Training	✓	✓	✓	4.97
Belfast College of Training & Education Ltd	✓	✓	✓	6.28
Belfast Metropolitan College	✓	✓	✓	22.42
Bolton College			✓	0.27
Bombardier Aerospace			✓	2.66
CAFRE - Rural Enterprise Team			✓	0.78
Clanrye Group	✓			0.69
Coalisland Training Services	✓	✓	✓	0.80
Conservation Volunteers (NI)	✓	✓		0.46
Craft Recruitment	✓	✓	✓	8.65
Customised Training Services	✓	✓	✓	7.63
Dairyfarm Training & People First (DFPF Ltd)	✓	✓	✓	26.63
Derry Youth And Community Workshop	✓	✓	✓	2.19
Engineering Training Services			✓	1.56
Electrical Training Trust			✓	9.69
Food And Drink Sector Skills			✓	0.76
Global Horizon Skills Ltd			✓	0.03
Graham Training	✓		✓	0.32
Hair Academy/Jennymount	✓	✓	✓	16.23
Hugh J O'Boyle Training Ltd	✓	✓	✓	2.87
Impact Training (NI) Ltd	✓	✓	✓	7.97
Larne Skills Development Ltd	✓	✓	✓	4.69
Loughview Training Services Ltd	✓	✓	✓	1.80
National Federation of Roofing Contractors			✓	0.02
NIE			✓	0.77
North City Training (became Bryson Futureskills)	✓	✓	✓	9.92
North Down Training Ltd	✓	✓	✓	5.65

Contracted Training Provider	Training provided under contract			Total Expenditure (£million)
	Training for Success	Programme-led Apprenticeships	Apprenticeships NI	
North West Centre For Learning And Development	✓	✓		0.40
North West Regional College	✓	✓	✓	17.06
Northern Regional College	✓	✓	✓	22.76
Opportunity Youth (Belfast)	✓			1.76
Oriel Training Services	✓	✓	✓	7.54
Paragon Training (NI) Ltd	✓	✓	✓	4.65
Plumbing & Mechanical Services (NI) Ltd			✓	3.62
Protocol Skills (became First for Skills then Totalis Solutions)	✓		✓	6.81
Riverpark Training			✓	0.15
RT Resources Ltd			✓	0.28
Rutledge Joblink	✓	✓	✓	48.06
Seven Towers Training	✓	✓	✓	8.07
South Eastern Regional College	✓	✓	✓	42.91
South West College	✓	✓	✓	41.38
Southern Regional College	✓	✓	✓	44.94
Springvale Learning	✓	✓	✓	13.71
Strabane Training Services Ltd	✓	✓	✓	3.57
Swann Training Services Ltd	✓	✓	✓	4.01
The Link Works	✓	✓	✓	3.45
Totalis	✓	✓	✓	2.33
Transport Training Services Ltd		✓	✓	2.27
VT Training (became Babcock Training Ltd)		✓	✓	10.67
Wade Training Ltd	✓	✓	✓	3.96
Westcare Business Services			✓	0.15
Workforce Training Services Ltd	✓	✓	✓	16.50
Youth Action			✓	0.2
Total Expenditure				469.23

Source: NIAO from data supplied by the Department for Employment and Learning

Note: Suppliers in BOLD have more than one training contract for training operations in different locations

Appendix 2: (paragraphs 2.1 and 2.4)

Training for Success and Apprenticeships NI targets (2007 contracts)

Training for Success			
Personal Development	Progression	Participants commencing in 2007-08 to achieve a positive progression to another component within Job-Ready, an Apprenticeship, Further Education, Training or Employment by March 2009	40%
Skills for Work (Level 1 – non NVQ)	Achievement	Participants commencing in 2007-08 to achieve a targeted Level 1 qualification by March 2009	45%
Skills for Work (Level 1 – non NVQ)	Progression	Participants commencing in 2007-08 to achieve a progression to another component within Job-Ready, an Apprenticeship, Further Education, Training or Employment by March 2009	40%
Employability Skills	Progression	Participants to progress to either an Apprenticeship, Further Education, Training, or Employment. Progression to Pre-Apprenticeship, within Job-Ready, is not considered a positive progression for the purpose of this performance measurement	60%
Pre-Apprenticeship (Level 2 – non NVQ)	Achievement	Participants commencing in 2007-08 to achieve a targeted Level 2 qualification by March 2009	60%
Pre-Apprenticeship (Level 2 – non NVQ)	Progression	Participants commencing in 2007-08 to progress to an Apprenticeship, Further Education, Training, or Employment by March 2009	70%
Programme-led Apprenticeship		No targets were set specifically for this component. The Department viewed PLA as an adaptation of Pre-Apprenticeship provision and that Pre-Apprenticeship objectives and targets applied for PLA.	

Apprenticeships (2007 contracts)			
Level 2 Apprenticeships	Achievement	Participants commencing in 2007-08 to achieve a NVQ Level 2 by March 2010	60%
	Achievement	Participants commencing in 2007-08 to achieve a Full Framework by March 2010	55%
	Retention	Participants commencing in 2007-08 to remain on the programme by March 2008	90%
		March 2009	70%
		March 2010	60%
Level 3 Apprenticeships	Achievement	Participants commencing in 2007-08 to achieve a NVQ Level 2 by March 2010	65%
	Retention	Participants commencing in 2007-08 to remain on the programme by March 2008	90%
		March 2009	80%
		March 2010	70%
	Achievement	Participants commencing in 2007-08 who already satisfied the Level 2 requirement, to achieve a NVQ Level 3 by March 2010	40%
	Achievement	Participants commencing in 2007-08 who already satisfied the Level 2 requirement, to achieve a Full Framework by March 2010	40%
	Retention	Participants commencing in 2007-08 who already satisfied the Level 2 requirement, to remain on the programme by March 2008	90%
		March 2009	70%
		March 2010	60%

Appendix 2 (continued)

Training for Success and Apprenticeships NI targets (2013 contracts)

Training for Success (targets relate to the lifetime of the contract)			
	Achievement	Suppliers must ensure that a minimum of 65% of participants who are enrolled in Training for Success over the lifetime of this contract achieve all targeted qualifications within agreed period	65%
Apprenticeships NI (cohort based)			
Level 2 Apprenticeships	Achievement	To ensure that as a minimum 58% of those participants who commence a Level 2 Apprenticeship during the training period 1st April 2014 – 31st March 2015 will achieve a Full Framework by 31st March 2017	58%
Level 3 via Level 2	Achievement	To ensure that as a minimum 65% of those participants who commence a Level 3 Apprenticeship during the training period 1st April 2014 - 31st March 2015 will achieve a NVQ Level 2 by 31st March 2017, thereby demonstrating that significant progress is being made towards the attainment of the Full Apprenticeship Training Framework	65%
	Achievement	A minimum Full Framework achievement of 59% by 31st March 2019 is anticipated	59%
Level 3 - Progression Route	Achievement	To ensure that as a minimum 55% of those participants who commence a Level 3 Apprenticeship (and have already satisfied the Level 2 requirement prior to entry) during the training period 1st April 2014 - 31st March 2015 will achieve a Full Framework by 31st March 2017	55%

Source: Department for Employment and Learning

Appendix 3: (paragraphs 3.20 and 3.25)

Results of ETI inspections of training providers

Training Organisation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Expenditure £million
Bombardier Aerospace	1				1			2	2.66
Impact Training (NI) Ltd	2			2				3	7.97
Belfast Central Training	2			3				3	4.97
CRAFT Recruitment & Training	2			4		3			8.65
Springvale Learning Ltd	2			4			3		13.71
Seven Towers Training	2			5		3			8.07
NIE	2				1				0.77
North City Training Ltd (became Bryson Futureskills)	2							4	9.92
Dairy Farm Training & People First Ltd (DFPF Ltd)	3		4		2			2	26.63
Transport Training Services Ltd	3			2				1	2.27
North Down Training Ltd	3			3			3		5.65
Coalisland Training Services	3			3			3		0.80
Hugh J O'Boyle Training Ltd	3			3				4	2.87
South Eastern Regional College	3			3					42.91
Customised Training Services	3				3				7.63
Larne Skills Development Ltd	3				4	3			4.69
South West College	3						1		41.38
Derry Youth & Community Workshop	4	3				4		3	2.17
Rutledge Joblink	4		4			4	3		48.06
Swann Training Services Ltd	5	3			5	4		4	4.01
Youth Action	Contract award 2009		1					2	0.20
Bolton College	Contract award 2009		3		Contract ended				0.27
RT Resources Ltd	Contract award 2009		5	3		Contract ended			0.28

Appendix 3: (continued)

Training Organisation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Expenditure £million
National Federation of Roofing Contractors	Contract award 2009				Contract ended				0.02
Westcare Business Services		1			Contract ended				0.15
Loughview Training Services Ltd		2			3			4	1.80
Engineering Training Services		3		3		4		4	1.56
Plumbing & Mechanical Services (NI) Ltd		3			3		Contract ended		3.62
Wade Training Ltd		3			3				3.96
Paragon Training (NI) Ltd		3			3				4.65
VT Training (became Babcock Training Ltd)		3				3			10.67
BIFHE/Belfast Metropolitan College		3				4	4	3	22.42
Oriel Training Services		3					4	3	7.54
A4e		4	2			5		Contract ended	10.09
Northern Regional College	4	4				5		3	22.76
Opportunity Youth		5	5		Contract ended				1.76
Hair Academy / Jennymount			1					1	16.23
The Link Works			2				2		3.45
Workforce Training Services Ltd			2				2		16.50
Protocol Skills (became First for Skills then Totalis Solutions)			2				3	Contract ended	9.14
North West Regional College			3		4		3		17.06
Strabane Training Services Ltd			3			2			3.57
Southern Regional College			3				3		44.94
North West Centre for Learning & Development			3	Contract ended					0.40
Conservation Volunteers (NI)			5	3		Contract ended			0.46
Food & Drink Sector Skills			5	Contract ended					0.76

Training Organisation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Expenditure £million
Electrical Training Trust				2			2		9.69
Ballycastle Community Workshop Training Ltd				4	3			4	1.24
Belfast College of Training & Education Ltd					1				6.28
CAFRE Rural Enterprise Team						2			0.78
Clanrye Group	Contracts awarded 2013							3	0.69
Global Horizon Skills Ltd								4	0.03
Riverpark Training Ltd								3	0.15
Graham Training									0.32
Total Inspections	21	15	17	15	14	15	13	20	469.23
Total number of Suppliers	47	47	51	49	46	46	45	43	
Percentage of suppliers graded each year	45%	32%	33%	31%	30%	33%	29%	47%	

Inspections in the first three years (2007-08 to 2009-10) include two full inspections and nine follow-up inspections of the Jobskills programme and seven inspections which covered both Jobskills and the Training for Success/ Apprenticeships NI programmes.

	Performance Grades 1 & 2	Outstanding/Very good
	Performance Grade 3	Good
	Performance Grade 4	Satisfactory
	Performance Grades 5 & 6	Inadequate/Unsatisfactory
	Inspection carried out but grade challenged or only part graded	

Source: NIAO, from data supplied by the Department for Employment and Learning

Appendix 4:

(paragraph 4.4)

Summary of recommendations from the Department's review of Contract Management

As appropriate the Department should ensure that:

Recommendation 1 – there is a shared understanding of the scope of the Department's contract management function and roles and responsibilities, in relation to contract management at all levels of the Department.

Recommendation 2 – Contract Managers are involved from the early stages of procurement/ commissioning through to delivery.

Recommendation 3 – when introducing a new contract, the business case includes an assessment of the level of contract management, compliance and quality assurance resource.

Recommendation 4 – contract management policies and guidance reflect ethical issues and the requirements of the Bribery Act.

Recommendation 5 – there is an adequate level of corporate reporting to senior management of key contract performance and compliance.

Recommendation 6 – all staff involved in contract management, including compliance and Contract Managers are appropriately trained including external qualifications or accreditation if possible.

Recommendation 7 – contract management and compliance activities are based on a robust assessment of risk.

Recommendation 8 – contracts include clear and meaningful KPIs and provide for the assessment of performance in terms of compliance and quality standards.

Recommendation 9 – in conjunction with CPD, proportionate protocols and processes designed to promote good practice and efficient contract operation should be included within the conditions of contract, when supplier cooperation or participation is required. The process for dealing with unsatisfactory performance as set out in Procurement Guidance Note (PGN) 01/12 should be followed.

Recommendation 10 – timely, accurate and meaningful management information is being collected in the Trainee Management System (TMS)/Client Management System (CMS) in order to help the Department manage supplier performance (via the contract Key Performance Indicators (KPIs)).

Recommendation 11 – the Department works with its suppliers to drive continuous improvement.

NIAO Reports 2015-2016

Title	Date Published
2015	
Continuous improvement arrangements in policing	17 February 2015
Cross-border broadband initiative: the Bytel Project	3 March 2015
Protecting Strangford Lough	31 March 2015
DRD: the effectiveness of public transport in Northern Ireland	21 April 2015
General Report on the Health and Social Care Sector 2012-13 and 2013-14	26 May 2015
Local Government Auditor's Report – 2015	23 June 2015
Department of Education: Sustainability of Schools	30 June 2015
The Northern Ireland Events Company	29 September 2015
Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2015	24 November 2015
Invest to Save	1 December 2015
2016	
Governance of Land and Property in the NI Housing Executive	7 January 2016
Continuous Improvement Arrangements in Policing 2016	8 March 2016
Local Government Code of Audit Practice 2016	31 March 2016
Managing Legal Aid	21 June 2016
Contracted Training Programmes	28 June 2016



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