

STRATEGIC THEMES

ANNEX A TO ECITB Strategy May 2017

INTRODUCTION

1. This annex expands on the strategic themes to give an overview of what the theme is, how it relates to the other themes, the desired outcome, the challenges, how it will be implemented and how success will be measured. These will be further developed following discussion of the strategy by the Board and will form the basis for the operational plan in 2017.

Policy Leading

2. **Overview and outcome.** Ensure the industry's needs are heard and addressed by policymakers. By working more closely with government at the national and regional levels, ECITB will be less reactive to policy initiatives and will provide a cross-industry voice for our companies.

The ECITB will be perceived as being a facilitator of broader national strategy with respect to skills, and related productivity improvements.

3. **Relation to other themes.** This relates to a number of other themes, including being intelligence led, as our LMI and technology research will provide crucial intelligence on which basis we can contribute effectively to policy debates. With productivity high on the policy agenda, skills as a driver of productivity is also closely related to this theme and ECITB will need to demonstrate to policymakers how our work is integral to driving productivity improvements throughout the industry. Finally, collaborating with others will help ECITB develop its reputation for skills policy leadership, for instance by building coalitions of support on areas of common interest (e.g. skills transferability, STEM) and supporting the delivery of Government policy priorities (for instance working with the Institute for Apprenticeships (IfA) on the formation and content of the new technical education routes).

4. **Challenges.** Recent changes to the Machinery of Government require ECITB to forge new relationships within UK departments, while the decentralisation of policy making requires ECITB to be fully engaged with regional-level decision makers and the governments of the devolved nations. Skills policy is a crowded landscape and while ECITB has a distinct role as an ITB, getting our voice heard among other actors and industry groups presents challenges. Finally, the outcome of the ITB review is likely to provide new opportunities for ECITB to become policy leading, but may also contain risks (for instance, if it recommends changes to our model that weaken our links with Government – although this is unlikely).

5. **Implementation.** ECITB is already implementing this theme. We have recently established a new policy

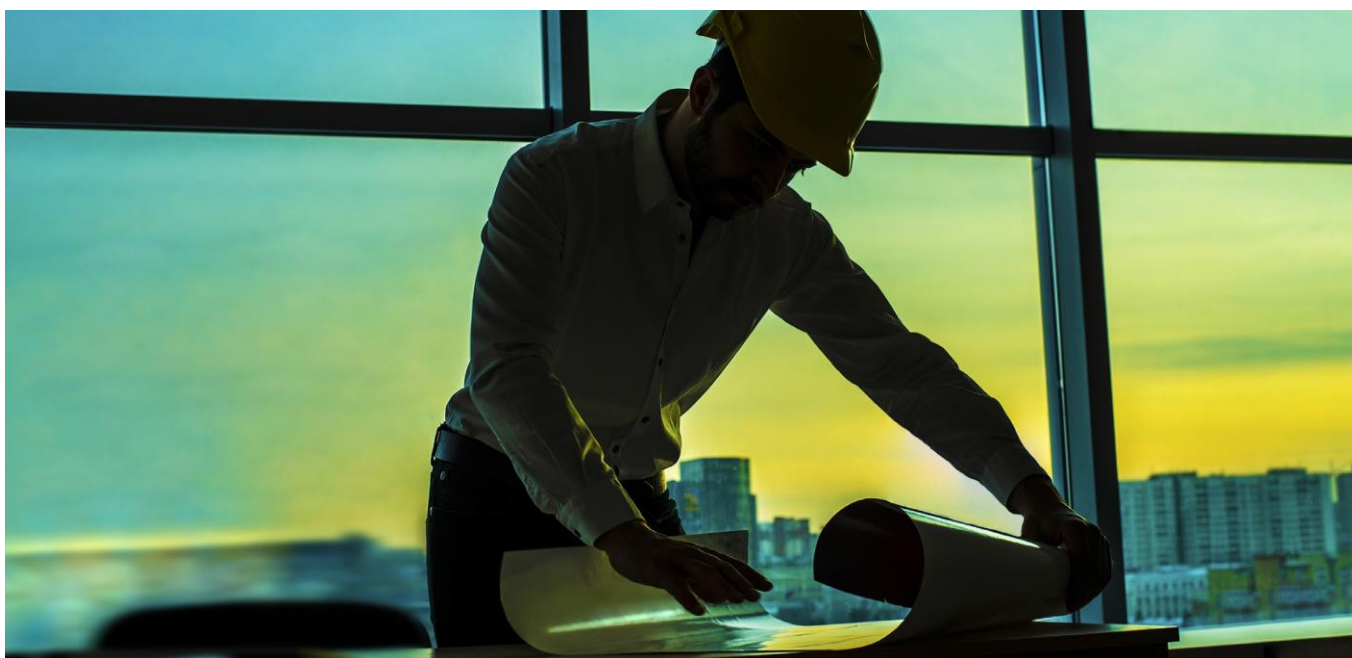
department, whose purpose is to raise our profile within government and work with policymakers to support both industry needs and Government priorities in relation to skills. At the regional level, our policy engagement has also been strengthened through the creation of the new Heads of Skills Strategy, while the recruitment of a Head of Communications will further enhance our profile and visibility. The new structure is already yielding positive results, with clear inroads already being made into Government. We are working closely with DfE on the Engineering and Manufacturing route within the Post 16 skills plan and the apprenticeship reforms. We have also established important dialogue with the Institute for Apprenticeships and the Number 10 Policy unit, and are fully engaged in the ITB review. By March 2017, the policy department will have established a full terms of reference alongside strategic policy priorities and associated delivery plans.

6. **Measuring Success.** Success in achieving this theme will be determined according to feedback from internal and external stakeholders, including our employers, as well as evidence that ECITB has successfully engaged with key Government policy initiatives at a national and regional level. In the medium to longer term, ECITB should be seen as a leading authority on skills and viewed by government as key strategic partner for both policy formulation and delivery in relation to industry skills.



Intelligence led

7. **Overview and outcome.** Inform the future skills needs of the industry. Actionable labour market intelligence will be the first priority, but this will also include identifying and acting on emerging and maturing technologies which will affect the industry as well as harnessing opportunities for innovation in training. We will help industry plan for the future by being at the vanguard in responding to emerging trends in policy and technology.
8. **Relation to other themes.** As mentioned in the previous section, this theme is closely linked to ECITB's policy leading theme. Improving our labour market and technology intelligence will also help ensure ECITB can further enhance its ability to deliver strategic priorities in a timely manner (i.e. initiatives to towards both the skills as a driver of productivity and transferability themes). High-quality labour market and skills forecasting alongside timely technology intelligence would also be useful tools in helping ECITB identify new commercial opportunities.
9. **Challenges.** Data availability for LMI remains a challenge, due to the limitations of our own primary data (gathered through the S1M) and the lack of relevant industry-wide secondary data. Official government data does not easily map across to the ECI in-scope companies and **key here will be to determine the extent to which there is overlap between the S1M and employer returns for the ONS's Annual Business Survey.** Anticipating and responding in a timely manner to technology breakthroughs requires flexibility and ECITB may need to acquire additional expertise in this area.
10. **Implementation.** By spring 2017, ECITB will have terms of reference for the LMI function alongside a research programme for 2017/18. Both Government and industry will be invited to comment on our LMI proposals so as to ensure the function delivers maximum value to our key stakeholders. The Heads of Skills Strategy will also be closely involved in this work and will be responsible for regional/sector intelligence, which will complement the UK-wide intelligence provided by the policy department. The technology strand is likely to consist of technology briefings to the industry, training courses on how companies may harness new technologies and relevant qualifications that will benefit industry.
11. **Measuring Success.** Success will be determined firstly by securing buy-in for the LMI and technology strands among key internal and external stakeholders. Once established, we will monitor and assess the relevance and reach of both strands with industry and government. Our ability to successfully respond to emerging technologies will be assessed on the basis of ECITB developing new products and services, which are well received by industry, as well as evidence that ECITB is utilising new technology to deliver qualifications and training (for instance, greater use of off-site, i.e. simulation-based, learning).



Skills as a driver of productivity

- 12. Overview and outcome.** Enable higher productivity performance across the industry in all aspects of our work through the development of skills. Improving leadership in the industry will be a key component of this work. This theme also encompasses the market failure element of ensuring we conduct sufficient training through influencing behaviours with the levy.
- 13. Relation to other themes.** There is a clear link between this theme and ECITB being policy leading. HM Treasury considers skills to be one of five key drivers of productivity and boosting productivity remains a cornerstone of UK economic policy. There is also an obvious direct linkage between productivity, the transferability of skills and collaboration. Cost effectiveness in the industry can be driven through the transferability of common skills programmes and standards, as well as effective collaboration. In order to fully effective, ECITB skills interventions to drive productivity improvements also need to be forward looking and based on high-quality LMI.
- 14. Challenges.** It should be acknowledged that skills alone will not drive productivity. Skills are key enablers for the realisation of the other drivers and there is an indirect linkage between skills and productivity which is less apparent but more crucial if the UK engineering construction industry is to compete in a global market. These are the skills which enable and lever the benefits of other drivers of productivity; innovation, enterprise, competition and investment. ECITB will need to focus on this indirect link to productivity, as well as skills interventions that will directly enhance workplace productivity. Other, more direct challenges include not getting sufficient employer buy-in for specific initiatives and programmes and making sure our interventions stay ahead of the curve in relation to emerging policy, for instance our apprenticeship programmes.
- 15. Implementation.** Over the next 3 years the ECITB will undertake a series of initiatives that are designed to both directly and indirectly boost productivity levels through skills provision. These include:
- Apprenticeship programmes – we will support employers through the apprenticeship reforms in England and the devolved nations to ensure the industry maximize the take up of apprentices. We will also develop industry-specific graduate and degree apprenticeships by the end of 2017.
 - Pre-apprenticeship programmes – we are implementing the programme for a second successive year, in part to mitigate the drop in apprenticeship pledges. We aim to increase numbers enrolled on the programme to 150 in 2017.
- Meeting skills needs of the National Infrastructure Plan – we will work with providers and employers to deliver a cohesive skills plan to meet industry needs, informed by effective LMI.
 - Project Leadership – working with the European Construction Institute we will set up an industry steering group with a view to driving improvements in project leadership across the industry by the end of 2018.
 - Continuous Improvement - by the end of 2017, ECITB will trial and roll out an industry specific CI programme
 - Cost-effective funding – we will continue to ensure ECITB grant expenditure is cost effective and supports critical, industry-wide skill requirements. We will also work with regional leaders to embed the skills requirements of the industry within regional funding development plans.
- 16. Measuring success.** Each of the above initiatives will need industry buy in to ensure success. The delivery of a co-ordinated skills plan to meet NIP requirements will require early sight of projects and assurance that skills investment can be made. The pre-apprenticeship programme for 2017 will focus initially on employers mobilizing skills for nuclear new build where 70 learners are targeted to be taken on. The remaining pre-apprentices will be deployed around the industry and success will be measured by all 150 learners placed with an ECI employer either on an apprenticeship or in employment. The transferable skills programmes will initially be delivered with the Tier 1 contractors in offshore. Clear cost benefit analysis will show the productivity gains for further rolling out of these types of programme.



Transferability of skills

17. Overview and outcome. Support greater transferability of skills between and within sectors, thereby helping to match supply and demand for skills and eliminating unnecessary duplication and costs. By equipping the workforce with transferable skills needed in engineering construction it will facilitate more cost effective and efficient transfer of manpower between companies and sectors.



18. Relation to other themes: Reducing costs of training and eliminating unnecessary duplication of training will contribute to improved productivity through more effective skills provision. Identifying transferable skills and delivering solutions, including formal qualification recognition where appropriate, will make the industry more forward looking and in a position to respond quickly to the needs of new infrastructure projects by providing client and regulatory assurance on skills capability. Programmes delivering transferable skills may also have commercial appeal.

19. Challenges: One of the challenges to successful implementation of this theme is ensuring that the different sectors within engineering construction recognise their similarities in terms of skills, knowledge and behaviours. Another challenge will be to understand and influence Government policy as it relates to the

transferable skills needed for future infrastructure projects, including with regards to regulatory frameworks that will influence certain projects.

20. Implementation: This theme will be achieved by developing and implementing common training, apprenticeship and qualification standards across the industry. This includes delivering a standardised technical qualifications programme for the offshore industry by the end of 2017, a standardised technical qualifications programme for the Humber Bank by the end of 2018 and setting up and supporting a Fabric Maintenance Academy by the end of 2018. Throughout this work, ECITB will need a clear understanding of sector barriers to transferability, including health and safety requirements and the plethora of H&S cards and schemes. The ECITB mapping of cards and schemes has already focused attention on this matter.

21. Measuring success. Success of this initiative can be measured by a reduction in costs of training across companies and sectors without any sacrifice of quality or quantity. A smaller number of products taken up by an increased number of companies across a broad range of sectors will be a clear measurement of success and an indicator of a simplified system.

Collaborative approach

22. Overview and outcome. Seek out and engage in strategic partnerships that benefit the industry, including collaboration on policy initiatives and commercial ventures.

23. Relation to other themes. This theme links directly to transferability of skills and the removal of duplication of effort, and developing the commercial model by opening up opportunities. It also links to policy leadership in that ECITB will need to collaborate on areas of mutual interest with strategic partners. Strategic partnerships with providers for licensed products and services, qualifications, apprenticeships and CCNSG for mutual benefit can result in shared costs and shared risks, two of the significant aspects of a successful partnership.

24. Challenges. Challenges include identifying suitable partners for individual policy initiatives and ensuring that partnerships genuinely serve strategic objectives to the benefit of the industry. Similarly, for commercial ventures, the primary challenge will be identifying appropriate and suitable partners with the facilities and people to deliver a wide range of products and services to ensure the ventures meet industry requirements and are commercially viable. Implementation of strategic partnerships will require sufficient resources to make

them a success, including people with the necessary capabilities.

25. **Implementation.** A number of collaborative projects are already underway including our role as the awarding body for the National College for Nuclear, our partnership with EU Skills to deliver apprenticeship end point assessment and the various informal partnerships we have formed at a policy level. In addition, we will continue to explore new partnership opportunities at regional level.
26. **Measuring success.** This will take numerous forms, including industry and partner feedback on collaborative initiatives. Success can also be measured by increased number of learners, success rates and satisfaction amongst employers, particularly if the skills landscape is simplified for them by having to deal with fewer organisations.



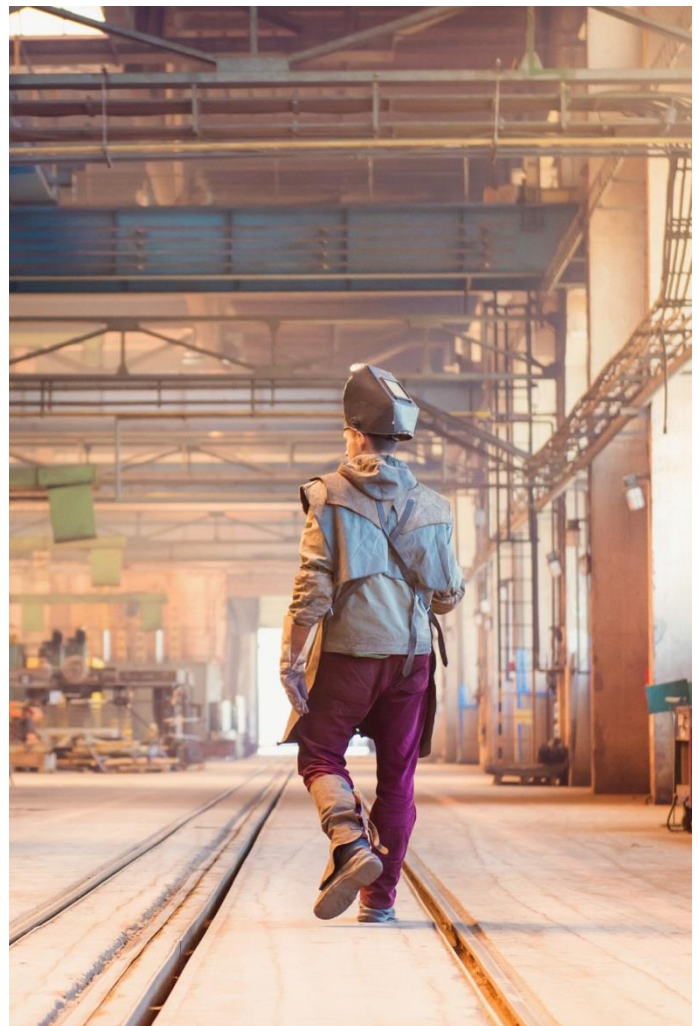
Maximising the value from the levy

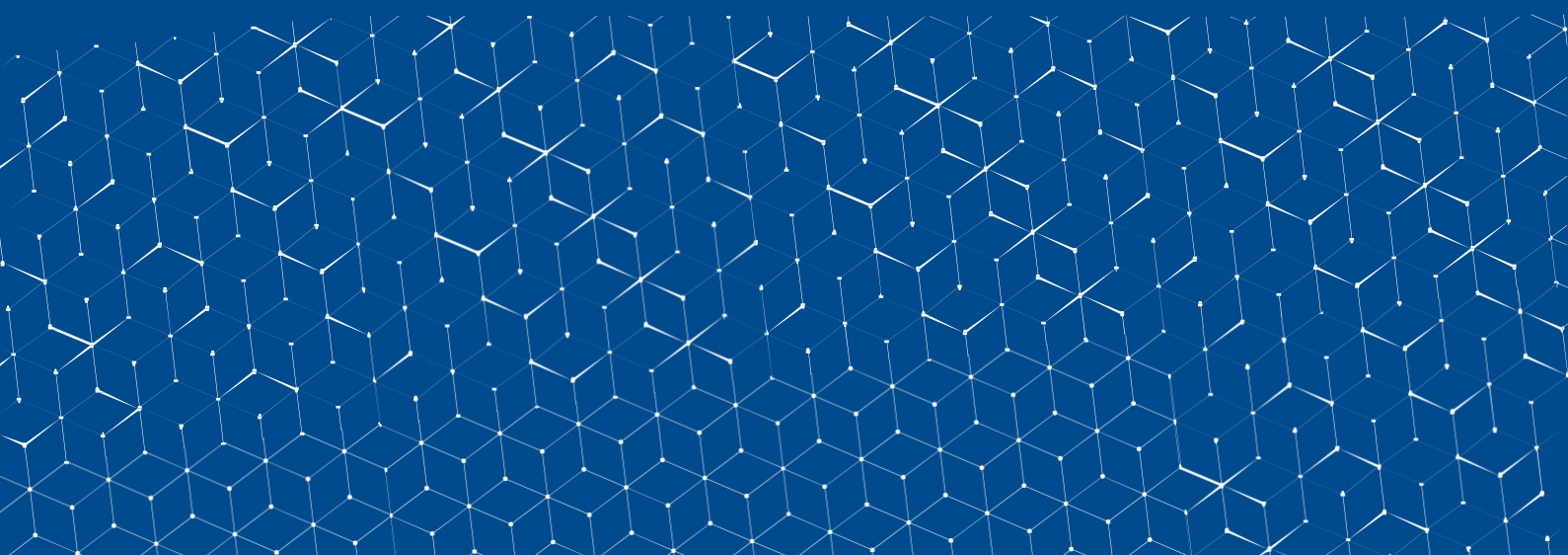
27. **Overview and outcome.** To ensure that the ECITB is financially sustainable in the long term the ECITB must maximise the value from the levy by ensuring its operating costs and overheads are kept to the lowest level commensurate with delivering excellent service. Growing the commercial business by doubling the annual commercial income from £3m (the current level) to cover the operating and overhead costs, will help ensure that all the money paid in levy is returned to the ECI. A possible longer term objective would be to grow the commercial surplus to provide additional funding to the levy. However, it is important that any commercial activity is coherent with and does not distract from, the core purpose of the ECITB.
28. **Relation to other themes.** This theme links closely to the skills as a driver as productivity theme. Indeed, a primary driver for growing ECITB's commercial income is to maximise the levy in support of employers. It also links to our forward looking and policy leading themes – operating as efficiently and cost effectively as possible will ensure the ECITB is financially sustainable in the long term and is prepared for future scenarios.
29. **Challenges.** It is felt that short term objectives are deliverable. The longer term commercial opportunities need to be properly considered following extensive market research, which should be commissioned from a specialist researcher. Once the realistic market opportunities have been identified and assessed, a longer term commercial strategy will be produced for consideration by the board.
30. **Implementation.** Cost efficiency will come from regular examination of overheads and **operating costs**. The implementation of the digital strategy will also help drive efficiencies. Doubling annual commercial income ought to be achieved through the expansion of existing income streams within the UK and internationally. ECITB's commercial business is based on a licensing model under which the use of ECITB's training products (such as training materials, tests and qualifications) is licensed to training providers and employers. This model is long established in the UK (for example all CCNSG providers are licensed to deliver CCNSG courses and tests) and the route to market is relatively risk-free (in terms of costs, staff involvement, investment and credit exposure). Growth in existing product lines will be through a combination of increasing the prices charged (particularly in the range of CCNSG training courses and tests) and usage of the ECITB's training products. It includes the following plans:

- Consolidation of the CCNSG provider network – ECITB will increase its prices to ensure the margins fairly reflect the ECITB’s contribution to and developments of the scheme. These changes are designed to provide industry with the assurance that it needs concerning the quality of the brand without restricting its availability.
- Introduction of the “test-only” CCNSG renewal process via the ECITB’s new on-line testing system also offers an opportunity for commercial growth. It is anticipated that income from CCNSG-related activities should grow to approximately £2.5m over the next couple of years
- Roll out of new ECITB on-line testing system - we anticipate growth in candidates taking tests from its portfolio of Technical Tests, including as a result of increased levels of apprentice testing through the end point assessment processes, and assessment of the ECITB’s vocational qualifications.
- Roll out of ECITB’s training standards and Provider Course Approval System (PCAS) - under this system, the ECITB licenses training providers to use its training standards, for purpose of enabling the providers to develop their own training courses based on the ECITB’s standards. The courses are then assessed and approved by the ECITB. As the industry’s use of “ECITB Approved” courses grows, so too will the licence and candidate fees paid by the provider.
- Anticipated demand for ECITB products in the nuclear new build sector – growth in this sector is likely to mean there will be a high demand and growth opportunity for training and testing using ECITB’s products in the areas of MJJ, CCNSG, Technical Tests and Training Standards
- In the longer term there is scope for the development of additional product lines, particularly in the international arena. For example, initial discussions with governmental bodies and commercial operators in the ECI in the Middle East indicate that there is a strong demand for engineering training courses and qualifications at the diploma and vocational qualification levels. It is clear that any product development by the ECITB’s would have to be fully funded by the client and its subsequent usage based on the licence model described above. The ECITB’s involvement would not extend to training delivery.
- There is also scope to extend the reach of the ECITB’s range of training products and qualifications via different channels. For example, the ECITB should actively consider how its materials can be promoted and used by remote learners. This would

probably involve closer working with operators in this market.

31. **Measuring success.** Overheads and operating costs will be benchmarked against similar organisations audited by the NAO / GIAA. Success in commercial growth will be achieved by meeting the targets outlined above. If the ECITB’s commercial income grows at the rate of 15% per annum (in real terms) over the next 5 years (2017 to 2020 inclusive) by 2021 commercial income will be £6m. This will mitigate the risk associated with failure to secure support from either the government or employers to future levy arrangements beyond the expiry of the next Levy Order (last year of levy income 2020). It is felt that this rate of growth is achievable using ECITB’s existing range of training products and tests and channels to market. It is anticipated that commercial focus in these areas both in the UK and internationally should achieve sufficient income generation to ensure that the ECITB is financially sustainable without reliance on the levy.





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