

The SEMATA logo consists of the word "SEMATA" in a bold, white, sans-serif font, centered within a dark blue rounded rectangle. The background of the entire page is a light blue gradient with several overlapping, curved, semi-transparent blue lines that sweep across the left and bottom portions of the cover.

SEMATA

The Sector Skills Council for
Science, Engineering and
Manufacturing Technologies

Sector Skills Agreement

Highlights

Spring 2007
Issue 1

The logo for "skills FOR BUSINESS" features the word "skills" in a bold, lowercase, blue sans-serif font. The letter "i" in "skills" has a vertical bar extending upwards from its top. Below "skills" is the phrase "FOR BUSINESS" in a smaller, uppercase, blue sans-serif font.

skills
FOR BUSINESS



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I. Introduction

Welcome to the first edition of SEMTA's Sector Skills Agreement (SSA) Highlights, a twice yearly publication that features the latest developments driven by SSA Action Plans.

SEMTA's 'Pathfinder' SSA for the aerospace, automotive and electronics manufacturing sectors, was launched in England in March 2005 by the Chancellor, Gordon Brown, followed by its launch in Wales by the Welsh First Minister, Rhodri Morgan in July 2006, and in Scotland by the Deputy First Minister, Nicol Stephen MSP and Deputy Minister for Enterprise and Lifelong Learning, Allan Wilson MSP in September. A SSA for the Marine sector was also launched during summer 2006, details of its progress will appear in the next issue of SSA Highlights.

Through SEMTA's Sector Strategy Groups (SSGs), employers have been in the driving seat throughout every step of the process in developing and agreeing the SSA. This has resulted in the identification of four headline skills priorities for the aerospace, automotive and electronics sectors:

- management and leadership
- productivity and competitiveness
- technical workforce development
- manpower planning and recruitment

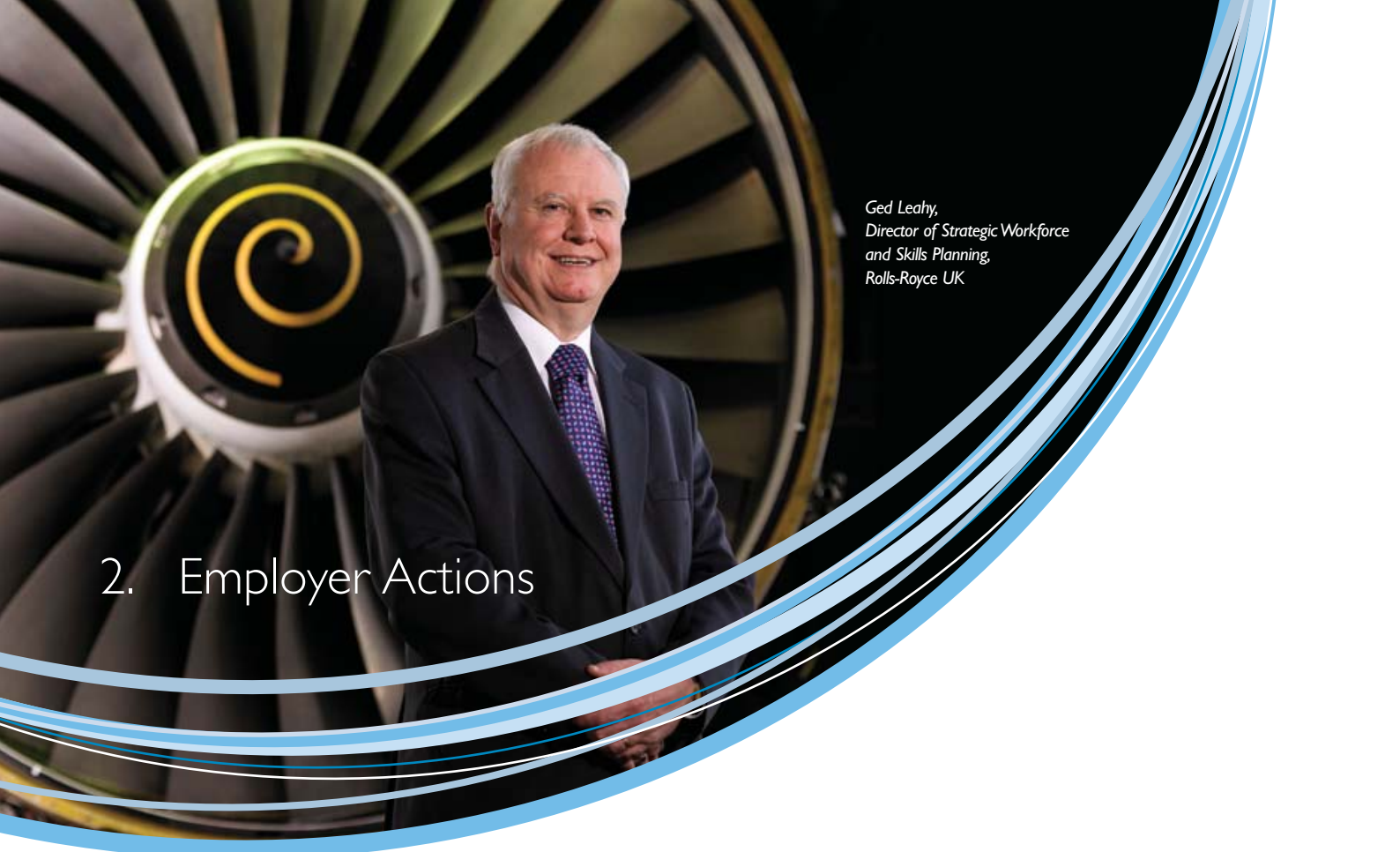
Companies involved continue to work with SEMTA to implement and deliver on targets set out in the SSA.

This issue of Highlights features four of our key employers who are leading the way within their sector networks to demonstrate the productivity and performance improvements possible through investment in skills. In addition it outlines the contributions made by our partners and tracks progress towards achieving our key aims of:

- optimising employer and public investment in skills
- securing public funding for priorities identified in the SSA

Much has been achieved but there is still a long way to go before the UK can claim to have a truly world class skills base.

Lynn Tomkins
Director of UK Skills Policy



Ged Leahy,
Director of Strategic Workforce
and Skills Planning,
Rolls-Royce UK

2. Employer Actions

2.1 | Management and Leadership

The sector needs world-class management skills to be able to develop business in an international context. Our employers have described a number of skill sets in management and leadership that are vital to the success of their businesses and UK plc.

EMPLOYER ACTIONS Rolls-Royce plc

Aerospace giant, Rolls-Royce plc, has been a key player in the development – and now the implementation – of SEMTA's Sector Skills Agreement. Ged Leahy, Director of Strategic Workforce and Skills Planning, Rolls-Royce UK, chairs SEMTA's Aerospace Sector Strategy Group (SSG). "We've been passionate about the whole SSA process from day one and have committed significant resources to it, both through SEMTA and the Society of British Aerospace Companies (SBAC) which has adopted the development and proliferation of SEMTA's SSA as one of its key activities," says Ged. "The SSA is a fantastic opportunity to create a demand-led agenda for skills but the challenge now is to develop regional action plans. That stage is crucial."

Rolls-Royce has led on engagement with its own supply chain by supporting 'Enterprise Excellence' events and running its 'Routes to Excellence' programme. "The programme aims to bring reality to what 'process excellence' means in this environment. It's

focussed on encouraging our suppliers to get involved in business improvement techniques programmes. We do a lot of work with SEMTA, the Regional Development Agencies and trade associations in trying to connect our supply chain to available support."

The vast majority of Rolls-Royce's 500 UK supply chain companies have engaged with 'Routes to Excellence' and over 200 have been connected to skills training routes and funding support. "SMEs are a significant part of the aerospace supply chain and probably the easiest to point to financial help. If the primes take the lead the supply chain is generally responsive – but it does take some strong leadership," says Ged.

"We know we need to drive leadership capability right through the company. We've spent a lot on leadership skills programmes from senior management to team leaders, focusing on coaching and mentoring skills. Typically, we bring in 180 graduates a year. This year we've split the profile to run a talent-focused graduate leadership programme as well as the professional excellence graduate route."

Collective Employer Actions

- SEMTA, aerospace employers, led by Rolls-Royce, and the SBAC, have held two UK-wide events to gain the commitment of employers and stakeholders to deliver the SSA on a regional basis. Over 300 people attended.
- Electronics employers have established the UK-wide Electronics Leadership Council (ELC) with support from the Department for Trade and Industry (DTI). The ELC provides strategic leadership for the UK electronics industry, supporting greater innovation and creativity and sustaining future growth and profitability. For further information: www.electronicleadershipcouncil.org
- The Electronics SSG held the first of many forthcoming regional events to disseminate the SSA to electronics companies in Yorkshire.

2.2 Productivity and Competitiveness

Occupational competence is necessary, but not sufficient, to compete globally. Training in 'Lean', 'Six Sigma' and other business improvement techniques, new product and process development and implementation, supply chain systems and project control is essential. Those companies not directly operating in the international market place will increasingly be exposed to global pressures by customers higher up the supply chain.

EMPLOYERS ACTIONS BAE Systems

Involvement in SEMTA's SSA is giving BAE Systems a sharper focus on its own workforce skills issues. John Male, Head of Capability Air Systems, sits on the aerospace SSG. "All of the work done on the SSG is giving us some informed thought," he says. "It's making us look at ourselves in relation to the SSA document and ask ourselves 'what are we doing about this?' We'll be setting up formal projects to make sure the four threads are running through our agenda."

The company finds membership of the SSG very important in providing a conduit to discuss the industry's issues and to collaborate with others. "Being on SEMTA's SSG is an invaluable exercise in putting our viewpoint across and has given us a voice. It's good to understand we have issues in common with other companies so maybe we can share some best practice and get a collaborative approach to what we need to do in the UK to solve some of these issues," John says.


BAE Systems is heavily involved with SEMTA, Amicus and other partners in taking the sector skills agenda forward. John Male is a member of the SBAC's People Management Board and joint chair of the training directors committee. "We're looking at how we can disseminate the SSA regionally through the directors committee and SEMTA is supporting us on that," he says. John is also a director of Training 2000, a role he took on with the vested interest of "seeing how to get a large Group Training Association up and running with some of these agenda items."

Alistair Imrie, Human Resources Director at BAE Systems, sits on SEMTA's National Skills Academy for Manufacturing steering committee. John comments: "Armed with the SSA work, we have to ask 'how do we make the Skills Academy work?' If that's the main potential conduit for driving sector skills work, as a big player we want to be in there, from a company point of view and for the sake of UK plc."

"We've created a tiered approach to business improvement techniques. Having completed a SEMTA B-IT NVQ pilot, we're moving people from Level 2 to Level 3. For team leaders we work with the Manufacturing Institute and senior managers go through our Lean Learning Academy where they complete two-weeks of classroom training linked to practical application on the job. We're looking to get the programme accredited and offer it to the SME population."

Collective Employer Actions

- SEMTA is working with employers to promote the need for companies to boost their competitiveness, in particular using the B-IT N/SVQ at the appropriate level. The number of registrations for individuals undertaking B-IT NVQs has doubled since the launch of the SSA. The primary objective of the B-IT qualifications is to improve business performance using lean manufacturing techniques to streamline processes, eliminate waste and reduce costs.



John Male,
Head of Capability
Air Systems,
BAE Systems



Gary Griffiths,
Manager Apprentice Programmes,
Airbus UK

2.3 | Technical Workforce Development

To support high value added performance, the sectors need to up-skill across the board from skilled operators at Level 2, craftspeople and technicians at Level 3 and technicians at Level 4. Equally importantly, companies need to develop multi-disciplined individuals, well grounded in the fundamentals and able to absorb training for new technologies and business processes. They also need more graduates with relevant degrees, who are better equipped for productive employment and are 'industry ready'.

EMPLOYER ACTIONS

Airbus UK

Airbus UK has not only worked closely with SEMTA over the years to tackle key training issues and concerns, it is also a member of the aerospace SSG. Manager of Apprentice Programmes, Gary Griffiths, says: "We value our relationship with SEMTA and membership of the SSG is important to us. It ensures we're up to date and enables us to give input and influence things in the way that we think is right." Apprentice training is the cornerstone of Airbus's commitment to workforce skills. It offers apprenticeships to adults and young people and has worked with SEMTA to develop its Higher Engineering Apprenticeship. "Apprenticeships are an important way of growing our own craftspeople, engineers and leaders," Gary says. "Seventy per cent of our senior management team are ex-apprentices."

With sites in Wales and England, funding anomalies are a chief concern for Airbus. In Wales full funding is available through the

Welsh Assembly Government (WAG) for training apprentices of any age, yet in England funding is restricted for those aged over 19. "It gives us significant challenges in Filton, as we have no funding model to support the Higher Engineering Apprenticeship which predominantly attracts those over 19," says Gary. "Funding issues have an impact on everyone and, along with SEMTA, we're lobbying Government very hard to get parity."

"People can progress from the Foundation Apprenticeship to the Airbus Apprenticeship and those who do particularly well can transfer to the Higher Engineering Apprenticeship. It includes a Level 4 NVQ, Level 3 Key Skills, a Level 3 certificate in leadership and a foundation degree which is key in developing entrants to work as professional engineers. This is where the growth in apprentice training is. We want Government to recognise and fund the programme."

Collective Employer Actions

- Automotive employers, led by the Society of Motor Manufacturers and Traders-Industry Forum (SMMT-IF), have worked with the LSC in England and training providers to up-skill trainers and assessors to meet the standard set by employers to deliver the B-IT NVQ.
- SEMTA has worked with key employers to set up the National Skills Academy for Manufacturing. The Academy will address the capacity and capability of the training provider networks to deliver consistent national standards of training for employers.
- The Trades Unions have worked closely with employers to develop and agree the SSA and ensure their members fully understand the skills and productivity issues it identifies. The Action Plan has been agreed by the Confederation of Shipbuilding and Engineering Unions (CSEU), Amicus, GMB, T & G and Prospect.



Chris Meadows,
Investor Relations/
Marketing Manager,
IQE

2.4 | Manpower Planning and Recruitment

Through the SSA employers are providing clear signals to the provider network on future skills requirements for their sectors. The need for skills will be met from two sources: development of the current workforce, and new recruits into companies. Employers want funding to be available for relevant adult training including some vendor training, particularly in electronics.

EMPLOYER ACTIONS IQE

IQE has been part of the Electronics Forum in Wales for many years. Group Chief Executive, Dr Drew Nelson OBE, is the Forum's chairman and Chris Meadows chairs its skills and marketing groups. Chris is a member of SEMTA's electronics SSG and has represented SEMTA in Wales, making presentations on the SSA to fellow employers. "I believe the SSA is a good opportunity and a recognition of where our industry is going," he says. "It's really important that employers engage with it."

"The SSA embraces many of the principles of Investors in People: tying in people development with business goals so everything moves in the same direction."

Through the Electronics Forum, IQE developed materials with a range of colleges to achieve a bespoke Modern Apprenticeship (Wales) framework for the electronics and semiconductor industry. At the higher end of technical training, the company has chaired the management board of a joint programme for delivering a

modular masters degree in semiconductors through a consortium of 10 UK universities.

Within the Welsh Management Council, IQE has promoted the need for training in management and leadership and published recommendations for support from the Welsh Assembly Government. The company is also working with SEMTA in identifying champions for a network to develop owner managers of electronics companies and put across the importance of training to the many small businesses that exist in Wales.

"Much of our work entails manufacturing products on a customer's site, so considering how a contract will be delivered involves careful planning of the skills and numbers needed."

One of the biggest challenges we have around planning is ensuring that our high levels of technical expertise can support our 24/7 operations. Linked to manpower planning, part of the leadership and management task is designing intelligence into technical processes so that there is less reliance on highly qualified staff to directly support manufacturing operations."

Collective Employer Actions

- Employers who led on the SSA developed sector-specific Business to Skills models to capture best organisational, operational and people development in their companies. The models for the aerospace and automotive sectors are Process Excellence and TS 16949 respectively. The models recognise a wider group of occupations as having a primary effect on value added – and responsibility for delivering business objectives – than the historical 'direct' and 'indirect' groupings. SEMTA is using these to help implement workforce development and SSA targets.
- SEMTA staff are working with employers to increase internal recruitment and up-skilling as the most appropriate mechanism for ensuring manpower planning is effective in meeting productivity improvements. External recruitment will reflect strategies for apprenticeships and undergraduate programmes.

3. Partner Actions

Partner engagement in the Pathfinder SSA Action Plans has been comprehensive and has led to pledges of help to promote key issues and provide significant funding.

During the development of the SSA, in addition to identifying current and future skills priorities, employers identified four Key Policy Issues and three Themes for Action that they challenged the Government and the devolved administrations to improve.

These are listed below, together with a summary of achievements with partners to date.

KEY POLICY ISSUES

1 – Contribution to shared resources

Partners need to work collaboratively to ensure that the infrastructure is well placed to maximise the resources that are available. Business Models that provide measures of success need to be applied down the commercial supply chains, many of which serve more than one sector. Companies have knowledge of the skills required to meet their business objectives and, within the confidence levels associated with forecasting business performance, are best placed to forecast skills needs.

2 – Sustainable demand-led training

With 8% of the workforce leaving annually (through retirement or movement to other sectors) and a forecast 5% decline in numbers over the next 10 years, there is a clear need to focus development on those currently employed in the sector through up-skilling and progression to higher levels of skills, particularly at Level 4. The cyclical nature of business in different sectors means that mobility across these boundaries must be improved.

3 – Integration of bite-sized, 'just-in-time' training

Training programmes that reflect the requirements of a full qualification need to be broken down into small units. In addition, these qualifications and units need to provide the basis for progression and transferability. Breaking large programmes down will increase the flexibility of training for companies and provide more options to meet specific business needs.

4 – The right person, receiving the right training, at the right time

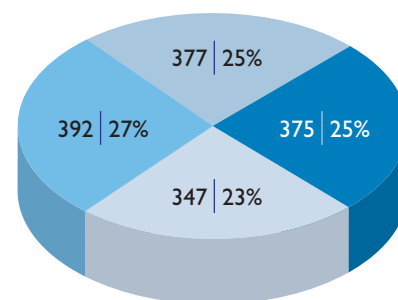
Industry needs to maximise the value obtained from existing public and private expenditure on training. Good decisions in relation to the recipients and content of training are essential. Skills required in the workplace are most effectively developed when training programmes are linked to business plans and measures of success are agreed before the training starts.

THEMES FOR ACTION

- Building capacity and capability in the provider network.
- Providing appropriate information, advice and guidance for business needs.
- Developing effective delivery of tailored products.

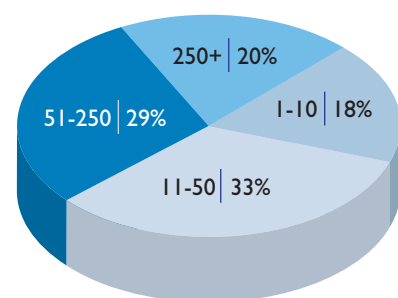
Number of Companies Engaged

Business to Skills Matrix	375
Benchmarking	347
Productivity	392
Standards & Qualifications	377



Size of Company

1-10 Employees	18%
11-50 Employees	33%
51-250 Employees	29%
Over 250 Employees	20%

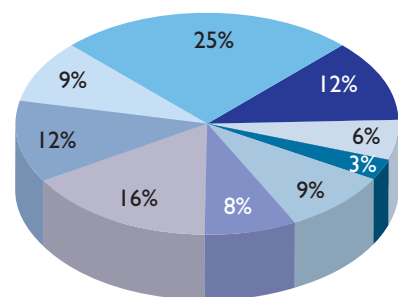


3.1 ENGLAND

- The Department of Education and Skills (DfES) and the LSC have been active partners and shown significant commitment to the SSA process.
- In August 2005 the Government announced £20 million planned for trials in the West Midlands and the North West for training leading to Level 3 NVQs.
- In October 2005 SEMTA was successful in its bid to develop one of the first National Skills Academies. Representatives from some of the UK's top manufacturing companies, together with Trade Associations, RDAs, Devolved Administrations, the LSC, the DTI, the Trades Unions and the Association of Learning Providers, formed the National Skills Academy for Manufacturing Policy Group. The Academy was launched in January 2007 by The Rt Hon Alastair Darling MP, and will address many of the issues raised by employers in relation to the capacity and capability of the training provider network.
- SEMTA has received DfES support to test a sector specific approach to engaging SMEs. Company visits have focused on briefing employers on the findings of the SSA, and providing support in four key areas:
 - Business to Skills Matrix which establishes links between business objectives and training decisions, and sets measures of success before training starts.

Region

East of England	12%
East Midlands	6%
London	3%
North East	9%
North West	8%
South East	16%
South West	12%
Yorkshire & Humber	9%
West Midlands	25%
TOTAL	100%



- Benchmarking which measures a company's performance against 'best in class' or 'average in class' using the DTI diagnostic tool.
- Productivity which focuses on quality, cost and delivery.
- Standards, NVQs, qualifications and frameworks which will help with job competency and skills in the workplace.

- SEMTA has worked with the LSC to produce a purchasing plan for qualifications of choice based on the evidence produced by the SSA. This is fed through to providers via the LSC planning

cycle each October in order to direct their purchasing for the following year. The LSC is developing this regionally to form part of the future SSA Action Plans using the Skills Balance Sheet approach.

- In March 2006 SEMTA was awarded £399,500 from the Northern Way Skills Investment Initiative via the North West Development Agency. The Northern Way Initiative is a joint initiative between the North East, the North West and Yorkshire and Humber RDAs. The funding assists companies of all sizes in training their workforce from Level 2 to Level 5 inclusive.

3.2 WALES

SEMTA has secured over £1 million funding from the Welsh Assembly Government (WAG) to support its Pathfinder SSA in Wales through the following initiatives:

- **Workforce Development Programme for SEMTA Employers**
This programme will be funded through:

- Generic support for programmes such as Modern Apprenticeships and management development (open to all employers).
- Discretionary funding of up to £10,000 per employer for development identified as strategically important.
- Discretionary funding of up to £5,000 for employers approaching the WAG through the SSA.
- Bespoke funding for large specialised developmental projects in companies on the liP support programme or the advisor support programme.

- **Step up Programme**

This programme to fund Level 2 and Level 3 qualifications is under development and will commence with a pilot in Ceredigion. Approximately £1,000 will be available per company.

- **Welsh Automotive Forum**

Funding of £730,000 over three years has been secured for the Welsh Automotive Forum's Automotive Sector Integrated Training Programme. This programme will address the lack of specific workforce skills and management techniques in the automotive supply chain and final assembly process.

- **Welsh Metals Industry**

Funding of £670,000 over three years has been secured for the Welsh Metals Industry's Business Skills Development Programme. This programme will enable employees to achieve a Level 3 NVQ and Metals Industry Leadership Development Certificate, or a Level 4 NVQ in Management and a Metals Industry 'Managing for Success' Certificate.

Funding will also support a Skills and Performance Strategy for the Metals Industry Programme that focuses on management development.

3.3 SCOTLAND

- The Scottish Qualifications Authority (SQA) has funded SEMTA to test the original methodology and further develop and refine the current draft guidance relating to credit and levelling of Scottish Vocational Qualifications (SVQs). Recognising that moving to a more flexible system that meets the needs of employers has implications for the delivery and funding of qualifications, SEMTA will maintain dialogue with the Enterprise Networks, the Scottish Funding Councils, training providers and awarding bodies.

- SEMTA has received additional funding to credit and level SVQs within the Modern Apprenticeship framework. Similar work has also started in England and Wales.

- The Sector Skills Development Agency has supported SEMTA to work with employers and employees to produce a tool to show what qualifications and learning programmes are available, which will help employers map out career paths for their employees.

3.4 NORTHERN IRELAND

- The Northern Ireland devolved administration committed to the SSA process at a later stage than England, Scotland and Wales.
- The SEMTA Pathfinder SSA was approved by the Project Board on 28 June 2006. Work has been undertaken to agree the development of a number of Stakeholder Action Plans to address the needs of employers in Northern Ireland.
- The SSA for Aerospace, Automotive, Electronics and Marine was launched on 6 February 2007.

For further information on SEMTA's Sector Skills Agreements, please contact Lynn Tomkins, Director of UK Skills Policy, at SEMTA's Northern Office, or contact the relevant SEMTA office.

ENGLAND

Northern Office

Wynyard Park House
Wynyard
Billingham
TS22 5TB

Tel: 01740 627000
Fax: 01740 644799

Head Office

14 Upton Road
Watford
WD18 0JT

Tel: 01923 238441
Fax: 01923 256086

London Office

2 Queen Anne's Gate Buildings
Dartmouth Street
London
SW1H 9BP

Tel: 020 7222 0464
Fax: 020 7222 3004

Sheffield Office

5-6 Meadowcourt
Amos Road
Sheffield
S9 1BX

Tel: 0114 244 6833
Fax: 0114 256 2855

SCOTLAND

Scottish Office
105 West George Street
Glasgow
G2 1QL

Tel: 0141 847 0977
Fax: 0141 847 0080

WALES

Welsh Office
Waterton Technology Centre
Bridgend
CF31 3WT

Tel: 01656 653429
Fax: 01656 654969

NORTHERN IRELAND

Engineering Training Council
(Northern Ireland)
Interpoint
20-24 York Street
Belfast
BT15 1AQ

Tel: 02890 329878
Fax: 02890 310301
www.etcni.org.uk

Further
Information

Copies of Sector Skills Agreements, summaries and action plans can be downloaded from SEMTA's website at www.semta.org.uk.



The Sector Skills Council for
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