



Evaluation of Welsh Government Skills Support for Tata Steel

Executive Summary

1. Research aims and methodology

- 1.1 In 2018 Cambridge Policy Consultants (CPC) were commissioned by the Welsh Government (WG) to conduct an independent evaluation of the Welsh Government's investment for Tata Steel UK Limited's (henceforth referred to as Tata Steel) Skills Support in the 2016-17 academic year. The objectives of the evaluation were to assess:
 - Whether programme activities were implemented as intended and what were the process lessons for future investment in skills development.
 - To what extent support led to downstream impacts on the business and employees.
 - Whether these impacts were additional and go beyond what the company would have invested in the absence of Welsh Government support.
 - The value for money of the Welsh Government skills investment in terms of the cost-effectiveness and efficiency of the training delivered.
- 1.2 In December 2016 the Welsh Government announced a series of major investments as part of an ongoing programme of support to secure the long-term future of the Tata Steel works in Wales. The Welsh Government, working closely with the Trade Unions and Tata Steel made available a total of £4m of grants for the academic year 2016-17 to support learning designed to improve professional and technical skills relevant both to the steel industry and wider employment market.
- 1.3 Tata Steel's submission for Flexible Skills Funding was based on the company's workforce strategy to: a) enable the company to become more innovative and introduce advanced manufacturing and engineering techniques into the business to improve levels of efficiency, productivity and cost effectiveness; and b) support the business by improving succession and knowledge management, with a focus upon transferring the knowledge and skills of the mature workforce to the younger generation.
- 1.4 A total of 5,925 employees received training supported by Welsh Government with an average of 4.1 training instances per employee across the following eight projects:
 - Supply chain 1 and 2 to support Tata Steel's existing Supply Chain Transformation programme which aims to increase product quality, improve just in time delivery, reduce faults and improve customer relations and the management of contractors - 5,624 learners, £1.85m (49% of total WG funding).
 - Operational excellence to provide greater flexibility and craft competency training to develop the skills of the craft labour force and expand their knowledge base - 2,474 learners, £0.8m (20% of funding).

- Talent project to bring and upskill new talent into the industry - 386 learners, mainly apprentices, £5m (14% of funding)
- Maintenance excellence to fill the competency profile for those in craft roles and engineers - 2,191 learners, £0.3m (9% of funding).
- Health and safety and the environment to meet Tata Steel's business standards and ensure accidents are reduced to a minimum - 11,645 learners, £0.16m (4% of funding).
- Leadership and management to support employees' transition to higher levels as well as shorter courses for new recruits and existing staff to provide support with coaching, influencing and time management - 2,723 learners, £0.1m (3% of funding).
- Customer/supplier excellence providing six higher apprenticeships in Customer, Quality and Material Science - 6 learners, £0.04m, (1% of funding).

1.5 The evaluation used a range of methods:

- A desk-based review of the literature on the training needs of the Steel industry in the UK
- A review of project monitoring data to support the development of a sample frame for employee interviews based on the level of Welsh Government support and the number of learners above minimum thresholds.
- Surveys of learners on their experiences of the training and what difference it made to their employment and skills. The fieldwork combined two online surveys across the eight projects (453 responses), telephone interviews with a sample of employees (27 interviews) and focus group discussions with employees (40 attendees).
- Focus groups (38 attendees) and telephone interviews (23 interviews) with Tata Steel programme managers, operational managers and supervisors in order to assess the impact of training on efficiency and productivity.

2. Key findings

Impacts of the training on learners

2.1 Impacts of the training on learners have been identified through discussions with the learners themselves. Key findings are:

- High levels of employee satisfaction with the quality of the training with 96 percent of learners highly or quite satisfied with the quality of provision.
- There is strong evidence of skills utilisation and the vast majority of learners considered that the training was relevant to their current job role.
- There is evidence that in a significant majority of cases the training has resulted in improvements to employee morale. Increased motivation and confidence were cited as impacts by ninety six percent.
- A key aim of the funding was to improve the employability of the learners should they seek employment in the wider labour market. There were clear impacts on transferable skills; ninety six percent of learners and ninety eight percent of apprentices considered that the training had provided them with transferable skills that they could take to other employers.
- The training was also important in supporting career progression and just under half of the learners who moved to a more senior role or different role at the same level considered that the training had contributed to this change in job role.
- All respondents consider that the training had made them more interested in undertaking additional training and gaining more qualifications.

Impacts of the training on the business

2.2 Impacts of the training on business processes have been identified through discussions with the learners themselves and their operational managers and supervisors. Key findings are:

Impacts on business performance

- The training has helped to meet the changing production requirements of the industry and the vast majority of learners across all courses felt that the training had improved their technical skills which had enabled them to complete tasks to a higher standard and quality. Employees have positive views on the contribution of the training to new working practices and improved ways of working across a number of key business areas.
- As a result of the training and high levels of skills utilisation there have been evident impacts on business performance. For example, the Supply Chain projects have focused on addressing the need for improved customer collaboration, reduced lead times and improved supply chain management. These projects have focussed on transforming the way the company serves its customers by analysing available opportunities and responding to changing circumstances through improvements to on-time performance and manufacturing efficiency. As a result of these projects there were clear and measurable improvements in customer satisfaction through a more reliable service and improved quality control.
- There is evidence that some of the training has led to cost savings, through increased insourcing of processes and through reductions in wastage.
- There have also been economic impacts through greater efficiencies, for example through improvements to stock recording and product costings.

Impacts on the capability and flexibility of the workforce

- Addressing gaps in capability and flexibilities were key objectives for Tata Steel and vital in helping the business to cope with the loss of 1,000 skilled people.
- Tata Steel has used its in-house Human Resource Development system, to better target the appropriate level of training: who needs to be aware of new processes/ procedures; who needs to implement them; and who needs to be able to manage their application to the business. This has helped to ensure that levels of skills utilisation are high, and the vast majority of employees considered the training to be relevant to their job role.
- All of the projects had significant impacts on employee productivity with sixty six percent of learners agreeing that their training had enabled them to complete tasks more quickly. For example, a core impact of the maintenance excellence training was in reducing inefficiencies and plant delays caused by gaps in competencies.
- Training has helped Tata Steel to adapt to changes in work organisation and learners report that, as a result of the training, they are more pro-active in their jobs and the courses have led to them becoming better at problem solving. In the future this training is felt to be key in supporting the changes that will occur as a result of Tata Steel's merger with ThyssenKrupp.
- There has been a strong focus on training to support flexibility within the workforce, for example, through operational excellence training to develop and broaden the skills of the craft labour force. Being able to work more flexibly was identified as a key benefit from the training by around two-thirds of learners and there is evidence to suggest that this has led to improvements in manufacturing efficiency.

Impacts on succession planning

- The training has helped to support succession planning, both through the upskilling of the existing workforce and through the new apprentice intake which has been vital in continuing the pipeline of talent into the business. Amongst Talent programme learners, most would either have applied for an Apprenticeship with another company (if the Tata Steel opportunity were not available), applied for a job with a different company or studied at University. A minority, twelve percent, would have considered taking-up a job with Tata Steel but without the training, suggesting that the apprenticeship was a key motivator for joining Tata Steel.

Impacts on providing a safe and healthy workplace

- Over 4,000 learners received training through the Health, Safety and the Environment project. There was clear evidence, that as a result of the training, supervisors and managers understand and are building in HSE into work processes. The training also led to greater confidence among staff, for example they have a skill (first aid) that they can use if necessary, at work or in the wider community.

3. Conclusions

- 3.1 Overall the WG provided £3,682,563 in funding for 25,049 training instances, £147 per instance. 5,925 employees received training at a cost to the WG of £621 per trainee. Tata Steel contributed £4,037,645 to the cost of training, at a cost of £681 per trainee, equivalent to £1.10 per £1 invested by the WG.
- 3.2 This WG support has been effective in relation to Tata Steel's objectives: to transform business performance; to increase the flexibility and capacity of the workforce; to support succession planning and to provide a safe and healthy workplace. Key drivers of this positive impact included:
- Tata Steel's comprehensive training portal, People Link, which holds the personal development plans of all employees, updated according to Tata's competency framework and drives a detailed understanding of who needs what level of training, for example awareness of procedures, practitioner or expert depending on job role.
 - The starting conditions of Tata Steel, levels of funding additionality were high, in part, due to the financial circumstances of Tata Steel (which meant that the majority of the training would not have been able to be funded privately).
- 3.3 A key aim of the WG funding was to provide employees with transferable skills which they could take elsewhere. Ninety six percent of learners considered that the training had provided them with transferable skills. This suggests that around 5,688 employees had increased their level of transferable skills as a result of the project. The cost of WG investment per employee benefitting in this way is around £647. This is a broad estimate and should be treated with some caution.
- 3.4 In some areas of the business the funding was fully additional, in that the training would not have taken place without WG funding. This was particularly the case as at the time the business had experienced a period of underinvestment and significant capital investment in the business was not feasible, so improving the effectiveness of employees was central to improving business performance.
- 3.5 In other areas the funding was partially additional. In these areas the Welsh Government funding was seen to impact in three main ways:
- In relation to the speed of implementation – the ability to run courses in parallel and bring forward certain provision. Funding for *Maintenance Excellence and Operational Excellence* provision was felt to have made a significant impact on the speed of implementation.
 - The ability to use more external provision. This was felt to make a considerable difference to the implementation of the Supply Chain projects enabling a more comprehensive learning programme that can in turn have a wider impact on business processes.
 - In relation to the scale of provision – by offering training to a greater number of people, for example, the *Talent and Customer Supplier Excellence* managers considered that the funding made a significant impact to the number of apprentices taken on in 2016/17.
 - Due to the legislative focus of some of the training in the *health, safety and environment project*, project managers felt that this was less additional. However, the funding made an impact by freeing up resources for external provision and ensured that the project was rolled out more quickly than would otherwise have been the case.

- 3.6 The success of this project was in part related to the starting conditions of Tata Steel, its underlying financial position which increased the additionality of the support coupled with the capacity and strength of its internal structures which allowed it to effectively identify where training would add most value.
- 3.7 If a similar support package is to be considered in the future with an employer(s) in different circumstances the WG should seek to ensure that there is more control over how the funding is directed, and the monitoring information collated, for example by:
- monitoring who is getting the training e.g. younger/older workers, managers/junior staff, by geography/site;
 - monitoring how much of the training leads to externally accredited qualifications;
 - ensuring that funding is more targeted on areas that maximise the additionality of the support e.g. by reducing environmental/safety compliance provision; and
 - introducing monitoring systems to allow an evaluator to assess on a learner by learner basis the combinations of training received in order to drive a better understanding of how the different packages of training integrate.
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Available at: <https://gov.wales/statistics-and-research/evaluation-welsh-government-skills-support-tata-steel/?lang=en>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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