

Report of External Evaluation and Review

Service Skills Institute trading as ServiceIQ

Confident in ITO performance

Not Yet Confident in capability in self-assessment

Date of report: 21 July 2016

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MoE Number: 9068

NZQA Reference: C20199

Date of EER visit: 23, 24, 25, 26 and 27 November 2015

Purpose of this Report

The purpose of this external evaluation and review report is to provide a public statement about the industry training organisation's (ITO) performance and capability in self-assessment. It forms part of the accountability process required by Government to inform investors, the public, trainees, communities, employers, and other interested parties. It is also intended to be used by the ITO itself for quality improvement purposes.

Introduction

1. ITO in context

Name of ITO:	Service Skills Institute trading as ServiceIQ
Location:	2-6 Gilmer Terrace, Wellington
Gazette recognition date:	Pursuant to section 5 of the Industry Training Act 1992, full recognition for the Service Skills Institute as an industry training organisation has been granted for a period of five years with effect from 1 January 2013 until 31 December 2017.
Gazette coverage:	Full recognition has been given to ServiceIQ to set standards on the New Zealand Qualifications Framework at Levels 1 – 8 for the following industries: Accommodation, Aviation, Cafes, Bars Restaurants, Clubs, Food Services, Museum, Quick Service Restaurants, Retail, Tourism, Travel, and Wholesale.
Number of qualifications registered on NZQF:	57
Number of standards registered on NZQF:	1,359
Number of trainees ¹ :	2015 figures include: 10,123 actual trainees (as at 30 September 2015) 755 actual apprentices 2,520 Māori trainees (13.51 per cent)

¹ Based on ServiceIQ and Tertiary Education Commission information.

	1,562 Pasifika trainees (8.37 per cent)
	12,606 female trainees (58 per cent)
	20,594 trainees (throughput – based on STMs ²)
	1,184 apprentices (throughput – based on STMs)
Number of registered workplace assessors:	Workplace Assessors: 640 Contract Assessors: 28
Distinctive characteristics:	<p>ServiceIQ has responsibility for developing and maintaining qualifications and standards that meet industry and stakeholder needs. ServiceIQ is the recognised industry training organisation (ITO) for the following sectors; Accommodation, Aviation, Cafes, Bars and Restaurants, Clubs, Food Services, Museum, Quick Service Restaurants, Retail, Tourism, Travel and Wholesale.</p> <p>ServiceIQ is also responsible for arranging workplace-based training, which includes managing and administering industry training and New Zealand apprenticeships. Close to 70 per cent of ServiceIQ training occurs at levels 3 and 4.</p> <p>ServiceIQ provides a national perspective and skills leadership for the service sector, and advocates on behalf of industry for workforce development. The service sector ranges from highly qualified and regulated sectors (Aviation and Museums) through to sectors with low qualification entry levels (such as Retail and Hospitality). The service sector workforce includes casual, short-term and part-time employees. There is a high concentration of trainees in level 2 training across sectors, and a high proportion of trainees concentrated in 10-15 companies throughout New Zealand.</p> <p>ServiceIQ arranges on-job and off-job training which includes managing and administering training and apprenticeships.</p> <p>ServiceIQ’s potential market includes 400,000 full-time employees, approximately 74 per cent of</p>

² An STM is a Standard Training Measure, a unit of training, specifically the amount of training required to achieve 120 credits. STM figures are rounded to whole numbers.

whom are employed in organisations with five or fewer staff. This market demographic has a significant bearing on how ServicelQ plans and arranges training.

Currently, training for a large number of ServicelQ trainees is managed through contracts and close working relationships with very large national companies, accounting for approximately 47 per cent of all training agreements. A strategy for improving access to training for small and medium sized enterprises is underway.

ServicelQ manages an external moderation system across its sectors. ServicelQ's unit standards are used by a range of education organisations. At the time of the evaluation, this involved six ITOs, 16 institutes of technology and polytechnics, 99 private training establishments and approximately 300 secondary schools. ServicelQ develops learning and assessment material relevant to workplace learning for industry trainees and apprentices, and also for schools and tertiary providers to use with students.

ServicelQ has working relationships with industry bodies, within its sector coverage, including, Aviation New Zealand, Hospitality New Zealand, the New Zealand Tourism Industry Association, New Zealand Tourism Export Council, Restaurant Association of New Zealand, Retail New Zealand, Travel Agents' Association of New Zealand and Museums Aotearoa.

As part of workforce development, industry bodies contribute to ServicelQ through representation in industry forums and on the ITO's strategic advisory groups:

- Retail and Wholesale
- Museum, Aviation, Tourism and Travel
- Hospitality

In addition to its head office in Wellington, ServicelQ maintains offices and regional services in Christchurch and Auckland.

ServiceIQ belongs to the Industry Training Federation.

Recent significant changes: ServiceIQ was formed in January 2013 with the merger of three similar-sized ITOs from the service sector (Aviation, Tourism and Travel Training Organisation, Hospitality Standards Institute, and Retail Institute).

During 2013 a collective understanding of the industries and the approach to industry training was undertaken, a chief executive and board were appointed, and internal planning processes and practices were established to commence operation as ServiceIQ.

ServiceIQ has led the mandatory Targeted Review of Qualifications within the service sector. The result was a reduction in sector qualifications from 376 to 58 industry and provider-endorsed qualifications at levels 2-7.

Since the merger, ServiceIQ has in place a number of initiatives in various stages of development.

- Industry engagement models have been developed to enable employers to select and engage in training to national standards in ways that best suit company size, training culture, finances and capacity for training. Employers select from a range of service and support options, choosing the fee structure and assessment and support services that match their internal training needs and existing plans.
- QualLink. ServiceIQ offers QualLink programmes to large companies with a training infrastructure already in place, and at least 40-50 trainees. At the time of the external evaluation and review (EER), there were 30 programmes well underway, some of them established for 18 months. This represents a significant proportion of retail and all ServiceIQ trainees. ServiceIQ works with companies to map the evidence from their workplace training and standard operating procedures to the outcomes of unit standards and national/New Zealand qualifications. QualLink credentialises

the employer's own training, benchmarking the company's standard operating procedures to national standards, cost-effectively making use of company resources.

- Trainee Achievement Group. ServicelQ established this cross-organisational group in May 2015. It operates at middle management level across the organisation, focusing on identifying issues through a systematic approach to understanding barriers to training, internal and external, and to formulate solutions to improve trainee achievement. The group has worked with particular attention to the top 13 companies which have the bulk of trainees.

Previous quality assurance history:

This is ServicelQ's first EER. There have been significant improvements in ServicelQ's moderation with regard to NZQA-managed systems since ServicelQ was first established in 2013. At that time, NZQA required ServicelQ to develop a moderation action plan. Since the implementation of the action plan, and increased communication between ServicelQ and NZQA's Tertiary Assessment and Moderation unit, ServicelQ's external moderation results have improved. Although not all moderation requirements were met in 2015, they have improved substantially from 2013 and ServicelQ is functioning under a high-trust model for NZQA-managed systems.

ServicelQ has participated in two NZQA consistency reviews as a tertiary education organisation. At the time of the EER the New Zealand Certificate in Food and Beverage Service (Level 3) met sufficiency requirements, but the New Zealand Certificate in Retail (Customer Service and Sales Support) outcome was still in progress. After providing further evidence and committing to improved processes for obtaining quality feedback from stakeholders, ServicelQ subsequently received a rating of sufficient.

A wide range of applications and approvals are constantly being submitted to NZQA. To date all have been approved.

2. Scope of external evaluation and review

The following focus areas were agreed by ServiceIQ and NZQA:

- Governance, management and strategy. As ServiceIQ is a newly merged ITO, governance, management structures, processes and practices, including setting strategic direction and planning, are key to the establishment and function of an effective ITO.
- Retail levels 2-5. Retail is a significant proportion of the New Zealand economy, representing 14 per cent of all businesses. ServiceIQ's retail programmes comprise the largest number of trainees. The sector has a high number of entry-level employees with no previous qualifications, and a high proportion of part-time employees, which presents challenges for engagement in training. The sector has a mix of very large national companies with well-developed internal training structures, as well as small and medium sized enterprises with less internal capability for training. The cluster of six retail qualifications at levels 2-5 provides an opportunity to review how a range of training is being arranged to suit the retail industry, and specifically to help some of ServiceIQ's largest clients meet a variety of company staffing needs. ServiceIQ has a strengthening relationship with secondary schools, providing schools and employers with coordinator support, resources and guidance for Gateway programmes which raise the entry-level skills of employees in retail. This focus area therefore provides the best opportunity to review and understand the range of ServiceIQ outcomes, including educational performance indicators across the sector as a whole.
- New Zealand Certificate in Cookery (Level 4). This new qualification sits within Cookery and has a smaller number of trainees and mostly includes apprentices. Apprentices include those completing the old Modern Apprenticeships, some transitioning from one apprenticeship model to the new New Zealand Apprenticeship, and others who have recently begun the new apprenticeship model.

These focus areas provide a view of the training arranged for both trainees and apprentices. The Tertiary Education Commission (TEC) and ServiceIQ recognise the ITO's heavy reliance on mostly larger businesses in the retail sector for its training arrangements. Cookery within the hospitality sector represents a large proportion of the small and medium sized enterprises engaging with ServiceIQ for apprenticeships.

All three focus areas provide an opportunity to evaluate ServiceIQ's recent initiatives for industry engagement, cross-sector planning and improvements to internal processes for monitoring trainee progress, and self-assessment.

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3. Conduct of external evaluation and review

All external evaluation and reviews are conducted in accordance with NZQA's published policies and procedures. The methodology used is described fully in the document Policy and Guidelines for the Conduct of External Evaluation and Review available at: <http://www.nzqa.govt.nz/providers-partners/external-evaluation-and-review/policy-and-guidelines-eer/introduction/>); refer to ITO supplement: <http://www.nzqa.govt.nz/providers-partners/external-evaluation-and-review/policy-and-guidelines-for-eer-ito/introduction/>. The TEO has an opportunity to comment on the accuracy of this report, and any submissions received are fully considered by NZQA before finalising the report.

Prior to the EER visit, the evaluators considered a range of self-assessment and other information provided by ServicelQ. The evaluators requested and considered additional ServicelQ and TEC information prior to the visit. The evaluation team and evaluation capability advisor met with the ServicelQ chief executive and members of the senior management team on three occasions prior to the EER. The meetings occurred on 18 September, 12 October and 17 November, the purpose being to introduce the evaluation team to the ServicelQ staff, discuss the EER process and self-assessment information, and consider possible focus areas for the EER.

Following these meetings, NZQA confirmed the focus areas and arrangements for the EER, which included the attendance of an observer from Primary ITO and one from NZQA. ServicelQ initiated a number of changes to the proposed draft agenda up to and throughout the EER. These changes affected mostly the interviews ServicelQ wished to organise with industry and trainees.

The team of four evaluators conducted the on-site visit over a period of four days at the ServicelQ head office in Wellington and included visits organised by ServicelQ to one large and one small retail company, and a hotel restaurant. At these visits, trainees, apprentices and their workplace supervisors were interviewed. Phone interviews were also conducted with the national managers of these companies with responsibility for training and managing the relationship with ServicelQ.

During the visit, the evaluators also interviewed five members of the ServicelQ board including the board chair and the audit and risk committee chair. Interviews were conducted face to face and via teleconference with the following ServicelQ staff: chief executive officer, general managers, marketing and communications manager, training and development manager, national quality assurance manager, operations manager, quality assurance advisor, assessor services, two sector managers, three sector advisors, two training advisors, literacy, language and numeracy specialist, assessor support team staff, schools manager, staff from assessor support services.

Staff representing three retailers, selected by ServicelQ, were interviewed, and included a human resources administrator, a key workplace contact for a large retailer, branch-level employer contact, and a retail administrator.

Following the on-site visit, further stakeholder interviews were conducted with members of the retail and hospitality industry advisory groups and an employer via telephone.

Completion of the synthesis and the closure meeting with the chief executive were held on 7 December 2015.

ServiceIQ has requested an external evaluation and review to be undertaken in 2017 to demonstrate the effectiveness and impact of the planned and embedding initiatives already underway.

Summary of Results

Statement of confidence on ITO performance

NZQA is **Confident** in the performance of **Service Skills Institute trading as ServiceIQ**.

ServiceIQ sufficiently demonstrated that it understands and is meeting many of the most important needs of trainees, apprentices, employers, industry and government through effectively undertaking its key functions of industry skills leadership and managing arrangements for training.

The reasons for this judgement include:

- ServiceIQ has effective and authentic, ongoing industry consultation processes which underpin systematic needs analysis. The scope and membership of the board and industry advisory groups have been reviewed and strengthened to provide a sufficiently broad base and good mix of industry representation.
- ServiceIQ's successful merger, the development of cross-sector initiatives, and completion of the Targeted Review of Qualifications has resulted in the arrangement of training which is based on new and updated standards and qualifications consistent with industry needs.
- ServiceIQ is working towards broadening its customer base to reduce previous reliance on large companies. From 2013 to 2015, the ITO increased the number of companies participating in ServiceIQ-arranged training, focusing on medium to large and progressively on small and medium sized enterprises. New industry engagement models have been developed and introduced in 2014 to enable more companies to select and engage in training to national standards in ways that better suit company size, training culture, finances and capacity for training.
- ServiceIQ has increased the number of companies and trainees engaged in training in the past year. The benefits and valued outcomes for employers and trainees through the successful completion of programmes include improved retention of company staff, progression to further training or promotion, and increased trainee morale and confidence. These benefits were reported during stakeholder interviews as highly valued. Industry advisory group meetings and forums and employer testimonials support these findings. However, the extent to which they are occurring across the service sector is not well evidenced or understood.
- ServiceIQ understands the requirements of the TEC and has strengthened existing, and introduced new processes, including initiatives through the Trainee Achievement Group for meeting trainee credit achievement and completion targets. The result is increased trainee credit achievement and completions between 2014 and 2015. It is too soon to gauge the sustainability

of this upward trend. Strategies to support the achievement of Māori and Pasifika trainees and trainees with literacy, language and numeracy challenges are not convincing or well evidenced.

- Robust and systematic moderation systems contribute to and ensure the quality of assessment of ServiceIQ standards. Internal moderation of ServiceIQ programmes is also robust. QualLink programmes include a thorough pre-moderation process. The effectiveness of ongoing moderation and review via the frontline team and quality assurance team on customer visits is not convincingly demonstrated. QualLink programmes do not currently include systematic post-moderation of the assessments to recognise workplace competence that would link the outcomes to national standards overall. This is a gap in the QualLink system.
- The governance and management of ServiceIQ provides highly effective leadership which is contributing to improving the ITO's organisational performance in meeting statutory obligations. Governance and management articulate a clear purpose and organisational direction and closely monitor performance against strategic and business objectives. Good progress has been made since the merger of the three independent ITOs in developing plans, processes and systems and allocating resources for ensuring alignment of activities with strategic priorities, including strengthening organisational communications and culture.
- Several useful initiatives are at various stages of development to strengthen ServiceIQ's capability to analyse and respond to stakeholder needs and better understand organisational performance. These include the Workforce Development Plan, Digital Plus project and the Trainee Achievement Group.

Overall, good progress has been made since establishment and there are some positive metrics in the areas of governance and industry engagement. It is too soon for the impact of some important initiatives to be evident or for comprehensive evidence to have been gathered and evaluated for all key aspects of organisational performance. However, NZQA is confident that the ITO is meeting many of the most important needs of trainees, employers, industry and government.

Statement of confidence on capability in self-assessment

NZQA is **Not Yet Confident** in the capability in self-assessment of **Service Skills Institute trading as ServiceIQ**.

Although there are some areas of well-established monitoring, review and self-assessment practice, the overall picture is mixed and there are some significant gaps. ServiceIQ varies in its capability to comprehensively demonstrate how robust and effective established processes are at monitoring and informing the ITO of its own performance.

Processes and practices in priority areas such as governance and management, high-level engagement with industry, and external moderation of ServiceIQ

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standards are strong, systematic and well evidenced. ServicelQ has developed systems and processes for tracking performance against key performance indicators and is working collaboratively with industry clients to achieve improvement.

During 2015, ServicelQ has particularly focused on close monitoring of trainee engagement, credit achievement and qualification completion as part of its routine relationship management activities. It has also established a cross-organisational management working group focused on trainee achievement. This group appears to be developing useful strategies for improving performance as well as contributing to self-assessment, although there is insufficient evidence at this stage to be confident of the impact on outcomes.

Furthermore, an enterprise-wide reporting and information system (to be implemented during 2016 and 2017) is expected to support improved reporting and analysis at all levels of the organisation. ServicelQ anticipates that these initiatives will enable it to further develop organisational capability for evaluating and improving its performance in meeting its statutory obligations and identifying improvements to processes and systems.

ServicelQ's quality framework was established for six months prior to the EER. However, not all the required internal reviews, as per ServicelQ's own quality framework, have been undertaken. For example, QualLink, which is designed for large companies, now has 30 programmes well underway, with some established for 18 months. There is no systematic quality assurance of this new system, such as moderation of the assessments recognising workplace competence that would link the outcomes to national standards overall. QualLink engages a large number of ServicelQ retail trainees, and is in early stages of review; implementation of post-moderation is to be planned for 2016.

ServicelQ uses reported actual data and has a reliance on informal or anecdotal feedback for understanding performance and quality, reducing the robustness of key monitoring information for use in understanding the impacts of initiatives. For example, ServicelQ frontline staff receive valuable information about trainees and companies. ServicelQ feels confident that this information is being shared throughout the organisation. However, the evidence to support this was patchy. Information is not always systematically collected, collated or analysed, and is therefore unable to be used in a meaningful way.

In an organisation as large and distributed as ServicelQ, processes and practices need to be systematic, formal and robust to support information-gathering and analysis as a means to understand and improve performance. ServicelQ recognises the challenges with some areas of its self-assessment and plans to address these areas in the short and longer terms. Capability in self-assessment organisation-wide is still being developed. Some areas are operating well and the various initiatives underway show promise. Overall, however, the ITO did not provide sufficient, robust evidence to provide NZQA with confidence in the ITO's current capability in self-assessment.

Findings³

1.1 How well does the ITO understand and meet the needs of industry, trainees and government?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

ServiceIQ understands and meets very well many of the most important needs of industry trainees and government. This is the result of extensive consultation and networking with industry and development of new training initiatives as documented in ServiceIQ's investment plan with the TEC and internal working documents such as its strategic, business and workforce development plans. These provide valid information to government and other agencies on the needs of the sectors, and detail the ITO's very good understanding of its markets and the differing needs, trends, issues, workplace structures and employee characteristics that can have an impact on uptake and completion of training, either at the company level or across sectors.

Discussions with the ITO's board and staff, and employers and members of the industry advisory groups showed that this knowledge is shared and used to develop training solutions. The ITO's understanding of industry skills needs has been enhanced by the successful merger bringing together the knowledge, skills and experience of the three former ITOs.

ServiceIQ managed and participated in the recently completed Targeted Review of Qualifications across all its sectors. These processes, based on extensive consultation about the changing skills training needs of industry, have substantially added to the ITO's knowledge and are an integral part of its self-assessment. Training arranged by the ITO is consequently based on new and updated standards and qualifications consistent with industry needs.

Post-merger, the ITO has focused on developing strategies that link the sectors and provide the tools for improved performance. The scope and membership of the three industry advisory groups have been reviewed and strengthened. Members of these groups interviewed by the evaluation team confirmed the authenticity and effectiveness of the ITO's consultation and emerging strategies in meeting industry needs. They thought that their groups had a sufficiently broad base and good mix of industry representation to ensure effective consultation and communication within their sectors, and were well supported by the ITO's management.

³ The findings in this report are derived using a standard process and are based on a targeted sample of the organisation's activities.

Skills strategies, including sector profiles and goals, enable the ITO to identify priorities and common themes, and provide detailed information about employment trends, workforce demographics and demand for training.

In order to broaden its base, the ITO has developed a strategy to significantly engage more companies in training, especially small and medium sized enterprises that characterise the growing tourism industry in particular.

New industry engagement models with associated services and fees are aligned to the size and nature of the business, taking into account the company training culture and capacity for training. The introduction of QualLink for large companies with established training programmes, which benchmarks company training and standards to national qualifications, engages more companies in training and adds to the consistency of standards within and across sectors.

The ITO is working with established secondary schools programmes such as Gateway to provide school leavers with better entry skills to the service sector.

The recent development of these initiatives means that the ITO has not had time to fully evaluate the contribution made to its understanding and meeting industry needs. However, there is evidence that these factors are regularly reviewed by the board and the audit and risk committee, industry advisory groups, and by the sector managers. For example, ITO staff and external stakeholders regard emerging strategies – such as the cross-sector initiatives and those for small and medium sized enterprises which set out to engage more trainees in transferable core skills training – as essential to the needs of the retail and tourism sectors. Industry representatives note the increased uptake of new generic entry qualification by companies not previously engaged in training to national standards.

The ITO's sector managers and advisers (field staff) work in partnership with companies to assess needs and arrange training. They have a very good understanding of the needs of their sectors based on their effective, ongoing relationships with employers and trainees. Formal relationships documented in the workplace training agreements are monitored. Trainee needs are strongly linked to employer priorities. Individual training plans are created to meet the needs of trainees.

The regular monitoring of training and reporting by field staff and sector managers is an important part of the ITO's self- assessment of how well it meets industry needs. Field staff review and record progress at all levels of a company, identifying issues for consideration by senior management. However, the ITO lacks evidence of how this information is collated, analysed and used overall. Currently the ITO relies on a few key indicators from its business data, such as improved trainee sign-ups, credit achievement and completions, and high-level industry feedback from Workplace Development advisory group meetings, as evidence that it meets industry needs. While this is valid, self-assessment of the contributing factors that sustain improvements is lacking. The informal and anecdotal nature of some of the data means that a comprehensive understanding of the impact of new business models and initiatives on meeting needs and of the effectiveness of the ITO's

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processes is not yet available. A systematic process for bringing together all the valuable knowledge in the organisation would enable the ITO to identify any gaps and weaknesses associated with strategies for meeting stakeholder needs.

1.2 What is the value of the outcomes for employers and their trainees?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Adequate**.

ServiceIQ identifies gaining a national qualification as an important outcome for employers and trainees. By arranging training the ITO provides cost-effective avenues and access to national qualifications for the service sector. As such, ServiceIQ focuses attention on trainee sign-ups and closely monitoring educational performance indicators, encouraging employers and trainees to successfully complete programmes. These outcomes also meet TEC priority goals and reflect the Tertiary Education Strategy for increasing the numbers of people training, particularly under 25-year-olds.

Achievement of a national qualification is valued in that employers and trainees recognise that success in a programme may provide further opportunities such as a pathway to another qualification, progress within current employment, or advanced career opportunities such as in cookery. ServiceIQ is convinced that successful completion of all programmes provides an opportunity for trainees to improve their personal circumstances, and increases the value of the employer's business through the improved performance of trainees. The evaluators found this claim to be credible. However, the ITO was unable to provide sufficient evidence to convincingly substantiate the claim.

The service sector has a high proportion of workers with no qualifications at entry level compared with other sectors. It also has a high proportion of casual, short-term and part-time employees, due to seasonality, a high concentration of trainees in level 2 training, and a high concentration of trainees in a few large companies. Retail in particular attracts trainees with English as a second language. ServiceIQ has not used the TEC's assessment tool for literacy and numeracy to good effect, but is looking to do so in the future. When implemented, this may provide a variety of valuable outcomes for both employers and trainees. The service sector also has voluntary and part-time staff in some sectors, such as Museums and parts of Retail such as charity shops. Anecdotal evidence from employers was provided to show that a high proportion of trainees completing their qualifications go on to paid employment.

The QualLink initiative is valued by employers for credentialising their own training and standards. QualLink is reported to assist companies in various ways such as building a training culture within the business, supporting consistency in workplace practice, and enabling companies to progressively train entry-level staff. Interviews

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with employers by the evaluation team confirmed the value of the training to business and staff. Review processes, both for academic quality assurance and for identifying the effectiveness of establishing and maintaining a QualLink programme, are currently being introduced. A recent survey of seven employers of the 30 QualLink programmes yielded three responses. Although these seven employers represented 73 per cent of trainees, the response rate, quality of the survey and information gathered all indicate that ServiceIQ needs to continue to work out how best to gather useful and authentic feedback.

ServiceIQ's Gateway programmes support students who plan to go directly into employment from secondary school. The programmes offered are mostly in retail, hospitality and tourism. Completion of a programme benefits both secondary students and employers, which is inferred through the increase in the number of secondary schools and employers becoming involved in Gateway programmes. ServiceIQ believes that some students gain employment in these sectors and others go on to further training at private training establishments. The value to employers is in having new employees with entry-level skills on which to build higher-level training.

With the increase in the number of schools engaging in ServiceIQ Gateway programmes, formalising feedback sources is important as currently there are three school advisors for over 300 schools. Reliable and meaningful feedback is required to ensure the needs of employers continue to be met and the resulting outcomes are of value.

Through business-as-usual engagement activities by trainee and sector advisors, other important outcomes, apart from gaining a qualification, are shared anecdotally. This is still useful evidence, but only when it is reliably recorded and evaluated and set alongside other purposeful information or metrics. ServiceIQ is beginning to consider how to record and collate these outcomes, some of which have been captured as individual trainee or company testimonials. The ITO needs to clearly demonstrate the equally valued personal and business outcomes, which are anecdotal and inferred. A more systematic approach to gathering, recording, sharing and reviewing such feedback could validate ServiceIQ's perception that the relevant and important outcomes are being met and to what extent they are valued.

1.3 How well do trainees achieve?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Adequate**

ServiceIQ has been challenged to address past trainee completions data which showed low achievement. ServiceIQ has worked hard to improve credit and programme completions, including working closely with employers, trainees and the TEC to identify, monitor and systematically address these low completions.

Trainee achievement has improved overall from 2014, and markedly in the case of credit achievement and programme completions; the latter to date has improved by 12 percentage points (from 51 to 63 per cent). Credit completions have improved from 60 to 68 per cent, and the indicator of 10 credits completed has improved from 59 to 66 per cent. These are good results as there is still three months of programme achievement reporting to run, and these figures will likely improve even further. ServiceIQ management reports show that the ITO is close to achieving its educational performance indicator targets and the sector medians for credit completions, programme completions and the 10-credit progress marker. In addition, ServiceIQ is confident that it will meet its TEC-contracted STM delivery target for 2015, having under-delivered for 2013 and 2014. Based on the achievement improvements to date and the time still available to achieve credits and complete programmes, the evaluation team concurs that ServiceIQ is progressing well to meet its educational performance indicator targets (Tables 1 and 2).

Table 1. ServiceIQ performance based on TEC educational performance indicators (achievement of credits)

	2014 ITO median	2014	2015*
Achievement of credits (all trainees) %	76	60	68
Māori %	76	54	69
Pasifika %	76	54	62
Under 25 years %	76	60	68

Source: TEC reports. *Data is indicative only and will not be verified until mid-2016.

Table 2. ServiceIQ performance based on TEC educational performance indicators (programme completions)

	2014 ITO median	2014	2015 (as at 3 November)*
Completion of programmes %	72	51	63
Māori %	72	46	57
Pasifika %	72	51	58
Under 25 years %	72	51	67

Source: TEC reports. *Data is indicative only and will not be verified until mid-2016.

This improvement is a result of a number of strategies that ServiceIQ has put in place since the merger. These strategies include:

- An improved student management system to collate and monitor achievement data in real time
- Improved support and intervention by field staff (trainee and sector advisors)
- Introduction of an electronic trainee engagement tool to eliminate paper-based agreements which previously resulted in delays in processing engagement, progress and achievement
- Changes to the new New Zealand qualifications and programmes, whereby credit reporting is ongoing and not left to the end of the training as has occurred with some old National Certificate qualifications.

ServiceIQ has also established a Trainee Achievement Group, which operates across the organisation at management level to focus on trainee achievement and identify issues through a systematic approach to understanding barriers to training, internal and external, and to formulate solutions. The group has worked with particular attention to the top 13 companies which have the bulk of trainees. The intention is to roll out this strategy to all key employers. The group has used common findings to inform new digital development work such as automated trainee follow-ups and milestone dates to give trainees assessment dates to work towards. Although the Trainee Achievement Group has only been operating since May 2015, its impact has yet to be determined.

Trainees and apprentices are achieving comparably for credit completions. However, due to the length of apprenticeship programmes, apprentices lag behind their trainee counterparts for programme completions. Young people are achieving comparably with all trainees for credit completions, and exceeding all trainees for programme completions. These are good results as young people make up nearly half the trainee population at 43 per cent. Māori too have achieved comparably with credit completions but have dipped slightly for qualification completions. Māori, who make up 10 per cent of employees in the service sector, have maintained a 14 per cent trainee participation rate over the last three years. Pasifika trainees make up 5 per cent of employees and trainee numbers. Pasifika trainees fared less well in credit and qualification completions compared with all trainees.

With reference to two priority groups – Māori and Pasifika – ServiceIQ has had strategies to boost participation and achievement since 2013, but the effectiveness of these strategies is not evident. ServiceIQ's board are in the early stages of seeking to include representation to provide strategic advice. A new Māori engagement advisor and a Pasifika engagement advisor have very recently been recruited to begin work with employers and trainees. In addition, ServiceIQ participates in a research project in partnership with a consortium of ITOs, Ako Aotearoa and the Pacific Perspectives company to identify critical success factors and effective models for Pasifika trainees. While these initiatives are in their early stages, they will be key to providing a more targeted and integrated approach to achieving parity in

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achievement that ServicelQ has set itself as a strategy for action under one of its six Workforce Development priorities.

ServicelQ accesses Infometrics reports to provide quantitative data about each of its sectors to inform strategy and planning. It also uses an electronic dashboard system to monitor its business data collation. The ITO uses various indicators (sign-ups, duration, 10-credit progress, total credit achievement, continued engagement, withdrawals and programme completion) to monitor and report achievement. While there is capability to report on all these indicators ServicelQ is only reporting progress systematically by sector and employer, against some key indicators (10 credits, credit completions, programme completions, and STMs) monthly to staff, management and the board. Reporting by programme or priority trainee group does not systematically occur. The dashboard system enables access to this achievement progress in 'real time', providing field staff (trainee and sector advisors) with up-to-date performance data to inform visits to employers and trainees. ServicelQ expects that the Digital Plus project, once design is complete and active, will improve processes for managing company and individual training agreements and provide the ITO with better information about outcomes performance.

The service sector has a considerable number of employees with literacy, language and numeracy issues. ServicelQ has a priority to boost these skills. To this end the ITO has worked to embed literacy, language and numeracy within its resource materials and has a specialist who has a very good understanding of literacy, language and numeracy and trainee needs. She has developed some promising initiatives, including gauging employer engagement potential for supporting all staff with literacy needs, linking trainees to workplace literacy training programmes, and producing a range of useful resources. However, her expertise appears to be underused across ServicelQ where it would be beneficial, such as assessment writing and qualification development and accessing trainees in the workplace to gauge what additional support might be required. The ITO has been using the TEC's literacy and numeracy assessment tool since 2013 in paper-based and electronic form, but not widely, citing employer resistance, with no clear evidence of the effectiveness or impact. ServicelQ is planning to include this diagnostic tool with the electronic sign-up. In addition, ServicelQ plans to work with major employers to pilot the tool in their workplace to demonstrate its value for their business. These last two initiatives are still in development. ServicelQ anticipates that both will boost use of the assessment tool to target support and potentially raise achievement.

The ITO clearly understands the requirements of its funding agency, the TEC. Performance issues have driven improvements to databases and processes for the reporting and monitoring of credit and qualification completions. As a result, ServicelQ has improved achievement in the past year, and is now providing better-quality progress data to inform sector advisors who can encourage and support trainees, leading to improved results. To date, the analysis of achievement of qualifications is focused at the company level with sector advisors and field staff,

and any analysis of national trends in overall completions of a particular programme are not made available to the evaluation team. Important initiatives are at varying stages of development and implementation.

1.4 How effective is the training arranged by the ITO?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

ServiceIQ recognises the importance of close working relationships with employers for arranging training that effectively meets the skills needs of companies and trainees. The ITO has management and field staff resources and a range of new initiatives for engaging companies and trainees and for reporting on progress. Feedback to the evaluators from employers, national company training personnel and industry advisory group members indicates that ServiceIQ's relationships are well managed. Monitoring, and reporting back to companies on trainee or apprentice progress, is particularly useful for both employers and ITO sector managers for monitoring qualification completions and duration.

ServiceIQ arranges mainly on-job training for trainees and apprentices at levels 1-5. The initial consultation and needs analyses and the workplace training plans contracted with individual employers are aimed at making sure that the training meets the skills needs of both the sector, such as retail, and individual employees and employers. The availability of new qualifications, especially cross-sector generic qualifications, enables the ITO to be more effective in meeting the training needs of a diverse workforce. As noted in other sections of this report, the improved access to qualifications and training for small and medium sized enterprises will, when implemented, ensure that training encompasses the wider service sector market.

Training is arranged to best suit the size and capability of the individual company. New industry engagement models can lead to flexible arrangements, with different models being used on the one company site. Trainee and apprentice skills and backgrounds are identified at enrolment. This enables the company and ITO field staff to incorporate trainee needs into individual training plans, as part of an overall company plan where needed. To date, support for assisting trainees with literacy and numeracy needs have yet to be fully implemented.

In general, training arrangement processes are good and are improving. For example:

- The new initiatives that customise training arrangements are currently being implemented. No formal data was available to show improvements to the effectiveness of training as a result, but the ITO's view from its consultation with industry and from data showing that the new models lead to greater engagement, is supported by industry feedback.

- The ITO has invested substantial resources in the QualLink model as it represents an important training strategy with potential for growth across all sectors. Employers interviewed by the evaluation team commented that the introduction of QualLink was critical to their decision to enrol employees in training programmes because of the link to national standards, and the potential to strengthen the compliance aspects of training. The use of a client company's own training resources and standard operating processes for assessment was also seen as an effective way to reduce the costs of training.
- The ITO has a number of key strategies for broadening the base of businesses engaged in training, and for arranging training across sectors characterised by small and medium sized enterprises as well as large companies with well-resourced internal training structures. While the strategies for engaging small and medium sized enterprises are still a work in progress, the cross-sector initiatives, improved technology, and the development of different delivery models (for example, for companies that may not have the documented standard operating procedures that characterise large companies using QualLink) are seen by industry as positive steps towards broadening the skills base for all sectors. Non-funded short courses are arranged by the ITO for companies – small and medium sized enterprises in particular – using online material, enabling them to access standards-based training that can lead to national qualifications.
- Another key strategy is the ITO's transition plan for apprentices moving from the modern apprenticeships to the new New Zealand Apprenticeship system. In addition, the ITO has plans to extend apprenticeships to sectors not traditionally served by this model.
- In transition are the new cookery apprenticeships resulting from the Targeted Review of Qualifications, changing from oversight by apprenticeship coordinators to bring the apprenticeship management, assessment and monitoring in-house with assessment by ITO-registered roving assessors and workplace assessors. In response to industry needs, the ITO has developed a Commercial Competence assessment which is externally assessed by industry. This was still to be implemented at the time of the EER.

Monitoring processes overall for evaluating the effectiveness of training depends on the industry engagement model selected. The new technology due to be launched in 2016 and 2017 is intended to enable companies and ITO staff to monitor trainee progress and review companies' internal training practices as needed.

Indicators such as increases in the number of companies engaged in training, increases in completions, and real-time data and anecdotal reports of progression and improved retention of company staff provide useful evidence of the effectiveness of the training arranged by the ITO. Most of this is based on the regular and strong monitoring of company workplace training agreements undertaken by field staff and sector managers, and the regular reviews of trainee and apprentice achievement which enables any training, assessment and reporting

issues to be followed up. The ITO has good information and regular feedback from employers and industry advisory groups about the effectiveness of the new engagement models and other initiatives in meeting industry or individual company skills needs. This feedback is informal and appears to be based on the experience of the larger companies where national managers work closely with the ITO sector managers. An overall self-assessment process to link the performance outcomes at company level and by sector to the ITO's new technology and industry engagement initiatives is still a work in progress.

1.5 What is the quality of the assessment being undertaken towards industry standards and qualifications?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Adequate**.

The quality of assessment is well managed, with systematic processes occurring which are robust in monitoring external and internal assessments, the exception being the QualLink programmes. Systems of review and reflection on the quality of the ITO's assessment and resources are not reliably occurring or driving improvement.

ServiceIQ-registered workplace assessors are selected and trained in collaboration with their employer and are monitored by internal moderation. ServiceIQ recognises the need to strengthen the ongoing support and training of these assessors. In response, the ITO plans to introduce compulsory training along with more professional development, as the newly introduced training offered in 2015 had a poor participation rate.

Internal moderation of ServiceIQ's own assessors and assessor judgements occurs reliably with sound processes to track the level of activity of each assessor and request assessments for review. There are clear processes, including recording and tracking assessment results, and 90 per cent of internal moderation is determined as assessing to the required standard. Those assessors not achieving to this standard are notified and provided with additional development assistance, and subsequent assessing is monitored.

Monitoring assessment of tertiary education organisations and schools assessing against ServiceIQ standards is robust. Providers are on a five-year cycle. At-risk providers and those with ongoing issues with the quality of assessing are identified, monitored and visited if necessary. ServiceIQ notes that secondary schools in particular require more support to understand and meet the required standard, and recognises that quality processes around assessment and moderation of schools need to be tightened. ServiceIQ encourages tertiary education organisations to engage in pre-moderation to ensure the quality of assessment; no fees are charged.

ServiceIQ is compliant with NZQA-managed systems, and the external moderation of ServiceIQ by other ITOs in 2014 met the required standard. At the time of this EER, results for a number of assessments submitted in 2015 were still to be received.

ServiceIQ manages and resources workplace assessment practice and the extent of the ITO's involvement depends on the engagement model selected. QualLink companies nominate staff with assessment and moderation understanding and knowledge to undertake the training and support of workplace verifiers. ServiceIQ's relationship is directly with training managers and nominated persons responsible for training and supporting trainees – not with the verifiers or trainees. Once QualLink is established, ServiceIQ sector managers and advisors use their monthly customer meetings and monitoring of the trainee progression with the client company and nominated staff to inform the ITO of any changes, such as to workplace practices or staffing, that may have an impact on the quality and validity of the QualLink programme. QualLink annual review of programmes, as per ServiceIQ's quality assurance plan, has not occurred, with the exception of the two qualifications that underwent NZQA consistency review. ServiceIQ says this is due to the shift of National Certificates to New Zealand Certificates. Quality assurance measures for QualLink do not currently include systematic moderation of the assessments recognising workplace competence that would link the outcomes to national standards overall. This was seen as a gap in the QualLink system and the ITO's internal quality assurance.

Through a review process, ServiceIQ is continuously improving the quality of assessment materials and resources by making them more relevant. For example, hospitality resources for use in Gateway programmes now have built-in activities and resources more attuned to the student and potential employers. An evidence-based approach to assessment has been developed in new trainee resources to ensure relevance of assessment to workplace practices. ServiceIQ identifies the use and sale of assessment material as an indicator of quality.

Feedback on the quality of the assessment materials and resources designed and provided by ServiceIQ is anecdotal. Trainees are able to provide feedback via an 0800 number. They can also email directly and a form is provided at the back of every assessment for feedback. There is little or no evidence that feedback is received through these avenues. More recently, a digital folder has been created to collect feedback where information can be collected with the intention to collate and analyse, but this has not yet been used for review. A more systematic process to gather feedback will need to be implemented going forward so that ServiceIQ can understand the end-user's perspective about the quality of ServiceIQ materials.

1.6 How well does the ITO's governance and management support the ITO to meet its statutory functions?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

ServiceIQ has established an effective framework and processes for setting organisational direction, allocating resources and monitoring performance. This includes purposeful and ongoing engagement with its membership (including industry advisory groups, professional associations and individual employers) and key government agencies. Key outputs include comprehensive Workforce Development strategies and associated cross-sectoral work strands.

Appropriately qualified and experienced directors (including industry representatives, independent directors with governance expertise, and an employee representative) have a clear understanding of their governance role and responsibilities and provide effective leadership to the organisation. They influence, approve and monitor key plans (such as strategic, business, and investment plans, and annual budgets), as well as specific projects (such as the Digital Plus project). Meetings of the audit and risk sub-committee of the board reflect a thorough approach to identifying and monitoring risk and provide assurance of robust policies, procedures and practices. The board receives appropriate advice and information from management each month, on which to assess the organisation's performance and to inform decision-making. There is good evidence of effective governance and management contributing to improved organisational performance in meeting the ITO's statutory obligations, such as the development of new processes and products to better meet industry needs, and improvements against TEC educational performance indicators.

ServiceIQ was formed from a merger of three previously independent ITOs. The board and management have provided effective leadership for responding to change and ensuring alignment of all activities with the new entity's purpose and direction. Examples of effectiveness include ServiceIQ's role in the Targeted Review of Qualifications process and the organisation's responsiveness to regulatory changes. Key aspects include the development of processes and tools for monitoring and reporting performance against key indicators (particularly those related to government funding), and the development of cross-organisational strategies (such as the Trainee Achievement Group and development and implementation of engagement models to facilitate training uptake across a broader industry base).

A focus on strengthening organisational communication and culture is ongoing, along with a commitment to supporting the development of skilled employees, and the provision of improved tools and processes.

The Digital Plus project is a key strategic initiative for strengthening organisational effectiveness. During 2016 and 2017 the project is anticipated to deliver an

enterprise-wide, integrated data-set to support improved and real-time reporting and analysis at all levels of the organisation, with the intended impact of enhancing engagement with industry clients.

These examples provide good evidence of appropriate systems for allocating resources and investing in key activities, both internal and external, to achieve strategic and business objectives.

ServiceIQ has recently developed a quality assurance framework which, when fully implemented, is intended to strengthen and embed business improvement processes and practices across the organisation. This incorporates the risk matrix, which to date has been useful at board and management level for focusing improvement activities.

ServiceIQ is currently gathering industry feedback through structured engagements and anecdotally as part of business as usual. Cross-organisational and management reporting practices provide for this information to be shared regularly. However, the feedback is not always recorded or shared systematically, and this aspect could be strengthened to enable ServiceIQ to gain a fuller understanding of the consistency and quality of arranged training and the effectiveness of its systems and processes.

The Trainee Achievement Group was established in May 2015 and has taken a systematic and organisation-wide approach to understanding issues affecting achievement and to identify actions for improvement. This initiative is widely supported and reported to be effective in terms of organisational information-sharing and process improvement, and overall trainee achievement. While this appears to be a useful self-assessment initiative, there is insufficient evidence at this stage to convincingly link these outcomes to the group's activities.

In terms of the wider organisation, there is evidence of reflection and review having taken place, or being planned, in relation to defined activities or functions. However, in some cases these activities are not recorded (such as the review of performance against business plans), or very recently developed (such as gathering employer feedback on the QualLink process and the quality assurance of QualLink programmes).

The planned development of new tools to support data-gathering and analysis will strengthen ServiceIQ's knowledge of its operational effectiveness. The establishment of processes for ongoing and periodic review of key functions and activities and building organisational capability in self-assessment will further enable ServiceIQ to evaluate its performance in meeting its statutory obligations and to further identify improvements to processes and systems.

Focus Areas

This section reports significant findings in each focus area, not already covered in Part 1.

2.1 Focus area: Governance, management and strategy

The rating in this focus area for ITO performance is **Good**.

The rating for capability in self-assessment for this focus area is **Good**.

2.2 Focus area: Retail Sector (Levels 2-5)

The rating in this focus area for ITO performance is **Good**.

The rating for capability in self-assessment for this focus area is **Adequate**.

2.3 Focus area: New Zealand Certificate in Cookery (Level 4)

The rating in this focus area for ITO performance is **Good**.

The rating for capability in self-assessment for this focus area is **Adequate**.

Recommendations

NZQA recommends that ServiceIQ:

- Strengthen and embed planned initiatives as described in the introduction to this report, particularly those around Māori and Pasifika trainee achievement, and literacy, language and numeracy improvement and success.
- Review and develop performance indicators against which improvement can be measured to validate the impact on performance and the value of outcomes.

Appendix

Regulatory basis for external evaluation and review

In 2009 NZQA introduced the evaluative approach to quality assurance in the tertiary education sector, consisting of self-assessment and external evaluation and review. This is applied in the quality assurance of programme approvals and accreditations under sections 249 and 250 of the Education Act 1989, as well as for training schemes (section 251), consents to assess against standards (section 252) AND PTE registration under Part 18 of that Act.

The NZQA Board also published policies and guidelines for the conduct of external evaluation and review of ITOs on 27 May 2010. NZQA relies on ITOs to build the self-assessment and external evaluation and review model into their infrastructure. ITOs will be evaluated on their infrastructure and use of the model in the following ways:

- *Advising Ministerial recognition of an ITO under the Industry Training Act, 1992*
- *Accepting arrangements for monitoring and assessing of industry training under section 10 of the Industry Training Act 1992*
- *Registering standards on the Directory of Assessment Standards*
- *Awarding consents for ITOs (or their assessors) to assess against standards on the Directory of Assessment Standards under section 252 of the Education Act 1989*
- *Applying programme approval criteria where ITOs are course owners.*

External evaluation and review is also used by NZQA as a monitoring and evaluation tool, with the outcomes of these processes informing Tertiary Education Commission decisions relating to re-recognition of an ITO. In addition, external evaluation and review reports are one contributing piece of information in determining future funding decisions in relation to an investment plan agreed between an ITO and the Tertiary Education Commission. The understandings and expectations for the implementation of ITO quality assurance are set out in a protocol to the Memorandum of Understanding between NZQA and the Tertiary Education Commission.

This report reflects the findings and conclusions of the external evaluation and review process, conducted according to the policies and criteria approved by the NZQA Board. The report identifies strengths and areas for improvement in terms of the ITO's performance and capability in self-assessment.

External evaluation and review reports are public information and are available from the NZQA website (www.nzqa.govt.nz).

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*Information relevant to the external evaluation and review process is summarised in the publication *Policy and Guidelines for the Conduct of External Evaluation and Review*. Two other documents explain how the process is applied to ITOs: *EER Policy and Guidelines – ITO Supplement* and *Evaluation Indicators for Industry Training Organisations*. These documents are available at:
<http://www.nzqa.govt.nz/providers-partners/external-evaluation-and-review/policy-and-guidelines-for-eer-ito/introduction/>*

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