

## EXECUTIVE SUMMARY





National Audit Office

**DEPARTMENT FOR EDUCATION AND SKILLS**  
Extending access to learning through technology:  
Ufi and the learndirect service

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**1** Seven million adults in the UK have no formal qualifications. And as recently as 2003, an estimated 26 million people of working age did not meet one or both standards of literacy and numeracy that the Department for Education and Skills (the Department) considers necessary for school leavers in today's economy. While many UK employers educate and train their workforce to the standards of their best competitors, others provide little training. Our workforce productivity lags behind that of countries where the workforce has higher levels of skills.

**2** Many adults with low levels of skills, who failed to learn at school, are reluctant to engage with formal learning, for example at further education colleges. The Department created Ufi in 1998 to develop people's skills and work with employers to increase employees' capabilities (**Figure 1**). In seven years it has grown from an idea to an organisation providing 500,000 learners a year with the opportunity to improve their skills at either one of 2,400 learndirect centres, or work or from their home computer (**Figure 2 overleaf**). Of the 2,400 learndirect centres, 1,600 are main centres that provide a wide range of learndirect services, while a further 800 are link centres that provide access to basic services and refer people on to main centres. Since 1998 to the end of July 2005, Ufi and the learndirect service have received £930 million of education funding, including £218 million expenditure in the academic year<sup>1</sup> 2004-05.

1 Years are academic years unless otherwise stated.

**1** learndirect and UK online can help learners and employees to improve their skills

Individuals	Employers
How can learndirect help me improve my skills?	How can learndirect help my employees improve their skills?
	
<ul style="list-style-type: none"> <li>■ If you phone the learndirect Advice Line or visit the learndirect website, you can receive information and advice on learning opportunities</li> <li>■ If you visit the learndirect website you can purchase learndirect courses and use them from your home or at work</li> <li>■ If you visit a learndirect centre your skills needs can be assessed and you can be enrolled on an appropriate course. You can then access the course and support services from the centre, your home or at work</li> <li>■ If you visit a UK online centre you can receive help and training on how to use a computer and the internet</li> <li>■ If you are a business, a specialist learndirect centre will send an adviser to identify your company's training needs and provide your employees with supported learning at their centre or on your company's premises</li> <li>■ If you are a large employer learndirect Solutions Ltd can tailor learning to meet your needs</li> </ul>	
<p>Source: National Audit Office</p>	

## 2 Ufi and the learndirect service – the facts at your fingertips

### Key services

Advice to the public on careers and learning opportunities

- National telephone Advice Line
- learndirect website

Learning opportunities, tools and materials, made available through innovative technology

- 500 courses on the web, in maths and English, home and office IT, specialist IT, and business and management

Network of centres to enable people to get access to learning opportunities

- 2,400 learndirect centres
- 6,000 UK online centres

### How it delivers

Ufi comprises three private companies:

- Ufi Charitable Trust, a company limited by guarantee registered as a charity;
- Ufi Ltd, a trading subsidiary, whose purpose is to support the objectives of the charity by trading under the brand name 'learndirect'; and
- learndirect Solutions Ltd, a subsidiary whose purpose is to deliver commercial services outside Ufi's public sector remit.

Ufi Ltd contracts with learndirect hubs, generally run by private companies owned by local training providers, to administer learndirect centres in geographical areas and particular industrial sectors. learndirect hubs contract with a range of public, private and voluntary sector providers to run learndirect centres.

Ufi Ltd is also responsible for the administration and development of the network of UK online centres run by a broad range of organisations. Ufi Ltd only funds a small number of these centres.

### Key statistics

<b>learndirect brand name</b>	Awareness of learndirect among adult population (summer 2005)	74 per cent
	Awareness of learndirect services for businesses among employers (summer 2005)	37 per cent
<b>learndirect e-learning</b>	Total number of learndirect learners (to end of July 2005)	1.7 million
	Total number of learndirect course take-ups (to end of July 2005)	4.0 million
	Percentage of learners who have not done any learning in last three years (summer 2005)	65 per cent
	Percentage of learners progressing on to other learndirect courses (summer 2005)	59 per cent
	Percentage of learners qualified below level 2 progressing to a level 2 qualification (winter 2003)	9 per cent
	Small and medium-sized enterprises <sup>1</sup> that have used learndirect (to end of July 2005)	0.2 million
<b>learndirect information and advice services</b>	Total number of courses taken by learners from small and medium-sized enterprises (to end of July 2005)	0.6 million
	learndirect National Advice Line calls (to end of July 2005)	7.3 million
	learndirect website information and advice sessions (to end of July 2005)	18.1 million
<b>UK online</b>	Percentage progressing on to learning (July 2004-June 2005)	63 per cent
	Number of users a year (January – December 2004)	0.5 million
	Number of new users a year (January – December 2004)	0.2 million
	Percentage progressing on to further learning (to end of January 2005)	19 per cent

### Summary financial information for 12 month period ended 31 July 2005

Learning and Skills Council funding paid to hubs for courses delivered by learndirect centres				£107 million	
Ufi Ltd	£ million	Assets	£ million	Liabilities	£ million
<b>Income</b> all income comprising mainly grants from the Learning and Skills Council, including funding paid to hubs, but also including commercial income	246	Fixed assets	4	Short-term creditors	(38)
<b>Expenditure</b>	246	Current assets	36	Long-term creditors	(2)
Average monthly number of permanent Ufi employees	370				

#### NOTES

<sup>1</sup> Enterprises, including the self-employed, with fewer than 250 employees.

Data for the academic year 2004-05 may be adjusted following the audit work for Ufi for 2004-05.

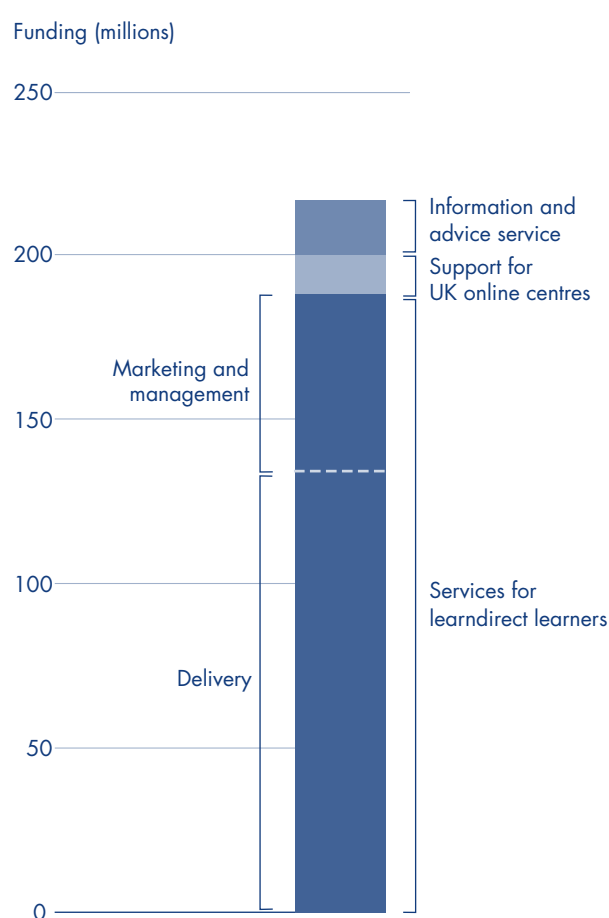
3 Ufi now has the largest number of students of any educational organisation outside China. It is one of the largest e-learning networks in the world and there are no similar organisations – most other e-learning networks in the UK and elsewhere are associated with university education. It has three main strands of business:

- **advice to the public** through the National Advice Line Service and website. Calls can be simple enquiries from people wanting to find out where they can train, for example as a plumber, or from parents wanting to improve their information technology (IT) skills to support their children in school. Equally calls may lead to complex consultations with people wanting to re-enter the labour market, who may be uncertain of the skills they need for a particular career or want to know how long it would take to gain the skills. Alternatively, people can carry out their own searches and access information using the learndirect website. In accordance with the conditions on which Ufi receives education funding, advice from the National Advice Line Service and website must be impartial.
- **learning opportunities made available through technology.** Over 70 per cent of courses can be accessed using internet-based technology and people take up courses ranging from how to use different IT products to courses on customer care.
- **centres so that people can access learning opportunities.** Businesses, voluntary organisations, colleges and community centres run learndirect centres on behalf of Ufi. There are centres in shopping malls, schools, colleges, football clubs and prisons. The learndirect network works alongside further education colleges, with many centres providing a place to learn for people who are reluctant or unable to attend their local college.

4 In 2003, Ufi took on responsibility for co-ordinating the network of 6,000 UK online centres located across the country in libraries, internet cafes, community centres and village halls. These centres offer a range of services linked to IT and learning, and encourage people to use the internet to find information and advice. They do not offer the range of supported learning available at learndirect centres. Around 90 per cent of the population in England live within 40 minutes' walk of a learndirect or UK online centre.

5 Ufi and the learndirect service now receive the majority of their funding from the Learning and Skills Council for activities in England. The £218 million spent in the academic year 2004-05 (**Figure 3**) for activities in England equated to 2.6 per cent of expenditure on the further education sector.<sup>2</sup> In addition, Ufi receives funding for specific projects directly from the Department for Education and Skills and the European Social Fund.

**3** Ufi and learndirect spent £218 million in further education funding for activities in England in 2004-05



Source: National Audit Office

**NOTE**

Delivery costs include expenditure on learning centres, ICT and courses. Marketing and management costs include Ufi and hubs. Funding for the information and advice service includes marketing costs for the Advice Line. Data for the academic year 2004-05 may be adjusted following the audit work for Ufi for 2004-05.

2 Ufi also received a further £1.5 million for activities in Northern Ireland and Wales.

**6** Our examination focused on learndirect in England. Appendix 1 sets out the arrangements in England, Wales, Northern Ireland and Scotland. In Wales, Education and Learning Wales fund Ufi Cymru which has been run as a separate financial unit. In Northern Ireland, the Department for Employment and Learning is withdrawing from learndirect from March 2006. The Scottish Executive established the Scottish University for Industry to run learndirect in Scotland.

**7** We drew on a range of methodologies including consultation with stakeholders and interest groups, a survey of learndirect centres, and focus groups with learners and small and medium-sized companies (Appendix 2 has more detail). Respondents provided a diverse range of views about the recent changes and future development of learndirect. This diversity of views suggested to us that in responding to our recommendations, Ufi will need to work especially closely with its partners to help them 'buy into' the changes it decides to make.

## Findings

**8** The Skills Strategy,<sup>3</sup> published in July 2003, set out proposals to tackle the skills gap between the UK and its main economic competitors. It marked the start of changes to refocus public investment in learning and skills into priority areas, in particular a universal entitlement to funded learning equivalent to a first full level 2 qualification.<sup>4</sup> Appendix 3 provides details of qualification levels.

**9** Ufi has focused from the start on employers, and continues to do so. However, the other strand of its strategic direction – widening participation in adult learning – has also evolved to reflect the Skills Strategy, and there is now an increased emphasis on learner achievement and qualifications. In common with other learning providers such as further education colleges, Ufi is expected to contribute to the Department's Public Service Agreement targets for increasing the numbers of adults obtaining qualifications at level 2 and in literacy and numeracy,<sup>5</sup> either by studying with learndirect or another education provider.

3 *21st Century Skills: realising our potential – individuals, employers, nation*, cm 5810, 2003.

4 A full level 2 qualification is equivalent in standard and breadth to five GCSEs at grades A\*-C or a National Vocational Qualification (NVQ) at level 2.

5 Reducing by at least 40 per cent the number of adults in the workforce who lack NVQ level 2 or equivalent qualifications by 2010, with a milestone of one million adults in the workforce to achieve level 2 between 2003 and 2006; and improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007.

## What has worked well

**10** **The Department set up Ufi, which is unique in the world, as a company under the public-private partnership model so that it could focus firmly on its objectives. Ufi has achieved much in the seven years since 1998.** It has:

- established and developed the learndirect national telephone Advice Line and website, which provide comprehensive information to help people decide what, where, and how they want to learn – the supporting database holds details of over 950,000 courses;
- commissioned partners to set up a uniquely extensive network of accessible centres where people can go to learn – in April 2005, there were some 2,400 learndirect centres, of which 1,600 were main centres providing a wide range of learndirect services, and a further 800 were link centres providing access to basic services and referral to main centres, and Ufi also oversees the 6,000 UK online centres; and
- developed a wide range of courses and support to meet diverse needs of learners and employers.

**11** **Ufi has pushed the boundaries of learning methods by making innovative use of technology to help make learning much more flexible.** Ufi has developed courses and the technology to enable learners to learn in 'bite size' chunks at home, at work or at a learndirect centre. People can learn at a pace that suits them and at times that fit in with work and personal commitments. The combination of learning materials and tutor support result in a positive learning experience for many learners, which is improving further as Ufi learns from people's experience of its products. Developing learning to support some groups of people, such as those with sight problems, has taken longer but good progress is being made.

**12** **learndirect is a well known and visible brand.** Ufi has applied consumer marketing techniques to develop a good understanding of what people need and want, and direct its marketing activity. In summer 2005, awareness of learndirect stood at 74 per cent of the adult population. Over half of people with a literacy or numeracy need and those who have not undertaken learning for some years are aware of learndirect.



**13 The level of provision to learners in learndirect centres was 110 per cent of planned provision in 2004-05, funded partly from overhead savings.** This represented a considerable improvement on earlier years, when services to learners fell short of the Learning and Skills Council's planned performance for learndirect. In the financial year 2001-02, learndirect centres delivered only two-thirds of the planned services, and therefore retained 67 per cent of the planned funding. Services were 76 per cent of plan in the financial year 2002-03 and 95 per cent in the 16 month period from April 2003 to July 2004.

**14 Ufi, learndirect and UK online have attracted learners who might otherwise not have taken up learning.**

- learndirect provided around 6 million advice sessions in 2004-05, 1 million by phone and 5 million via the website. Just under half of all callers to the National Advice Line Service, and a third of website visitors, have not done any learning in the last three years. Over half of callers to the National Advice Line Service have gone on to undertake training or learning.
- 0.5 million people are using UK online centres every year. Many had never used the internet before, almost two-thirds are from the 2,000 most deprived and geographically disadvantaged communities in England and 80 per cent are from key disadvantaged target groups.<sup>6</sup>
- 1.7 million people have taken over 4 million courses through learndirect. Two-thirds of learners (at summer 2005) had not done any learning in the last three years. learndirect is attracting increasing numbers of learners with lower than level 2 qualifications (pre-level 2 learners: see Appendix 3) – in 2004-05, 60 per cent of learners were pre-level 2. Currently, over 70 per cent of learners are completing courses and over 50 per cent are achieving their goals.

**15 UK online centres can support other government services.** A pilot to explore the potential of UK online centres to support delivery of e-government services demonstrated their ability to engage large numbers of socially excluded users quickly and successfully.

Where more progress is needed

**16 Setting up and maintaining an extensive, innovative operation like Ufi has required substantial investment.**

In 2004-05, £54.2 million (29 per cent of the budget to support learndirect learners) was spent on marketing and management in Ufi and on the learndirect hubs (Figure 3). Now that Ufi is more established, these high overhead costs can be reduced. Ufi has started to cut costs, for example by reducing the number of geographic hub operators from 51 in 2003 to 29 by August 2004, leading to an overall cost saving of around £6 million a year. Ufi altered its funding model from August 2004, and modelling indicated that, on average, learndirect centres were delivering the same activity for 8 per cent less funding.

**17 Further reductions should be possible.** For example, the Ufi and learndirect network 'supply chain' has four tiers: Ufi's central office, its regional offices, learndirect hubs, and learndirect centres. Substantial cost savings could be achieved by rationalising this structure and realigning each level better with key processes so as to remove duplication. Ufi has established an 18-month change programme to be completed by August 2006. The programme will identify the best structure and processes that are 'fit for purpose' given the organisation's strategic objectives.

**18 Ufi has not generated substantial commercial income as envisaged in its original objectives.** The Department intended that Ufi should become at least partially self-funding, but by the end of July 2005 it had received only £12 million of income from providing tailored learning to businesses, including Connexions and NHSU helplines. Ufi plans to increase its income from the sale of courses at learndirect centres, and to the small and medium-sized enterprise market. Since August 2004, Ufi's commercial operations have been delivered through a separate subsidiary, learndirect Solutions Ltd. The change was made to clarify the boundary between public and commercial activities and to have a commercial arm with the flexibility to develop and grow its private sector activities.

6 People with a literacy and numeracy need; unemployed; ethnic minorities; disabled; single parents; and over 65s.

**19 Ufi could do more to exploit its products and brand, for example by marketing learndirect materials more widely to employers for workforce development or to schools.** learndirect materials are not widely used outside of the learndirect network. Ufi pilots with schools, further education institutions and work-based learning providers found that many are not equipped to make the best use of learndirect materials. Ufi is developing new course licence models to allow colleges and other providers to build learndirect materials into their learning programmes related to the National Employer Training Programme and Apprenticeships.

**20 It is uncertain whether parts of the learndirect network will continue to be sustainable across the country.** Many learndirect centres and hubs see the contract and performance changes introduced in August 2004 as broadly beneficial, but raise questions about the long-term sustainability of the network in some locations, particularly in rural areas and centres dealing with marginalised and disadvantaged learners who require high levels of support.

**21 Initial assessment of learners' needs is a vital element of learndirect's service if learners are to get full benefit from their learning, but the quality and thoroughness of the initial assessment in 2003-04<sup>7</sup> varied between centres.** The assessments need to continue to improve to become more consistently high quality, so that all learners get a clear picture of what the learning involves for them, what support they can expect, and how a particular course will meet their needs.

**22 The work that learndirect does with employers is successful, but could be increased substantially from the current level of 4.1 per cent of small and medium-sized enterprises.** Employers who have used learndirect services are positive about their experience and the impact it has had on their business. 180,000 small and medium-sized enterprises have used the services. However, awareness of learndirect business services among small and medium-sized enterprises is lower than awareness of learndirect among the population at large: 37 per cent in a recent survey. In addition, employers who know about learndirect are not always aware of the full range of services on offer. Our focus groups with employers found there is a particular perception that learndirect is only for people who have literacy, numeracy or IT needs.

**23 The proportion of people using learndirect and UK online who progress on to other learning could be higher.** Ufi captures data on progression to other learning and progression rates through surveys. A recent survey that tracked people for up to two years after their initial contact with learndirect indicated that 9 per cent of learndirect learners below level 2 gained a full level 2 qualification over the two years.<sup>8</sup> One in five UK online users has taken up learning. Ufi has introduced a learning and assessment tool *First Time Online*, being rolled out to the UK online network, which helps learners get ready to progress to learning with a post-16 education provider. Ufi's strategic plan for 2005-10, published in summer 2005, sets out how Ufi plans to increase its contribution to the Department's Public Service Agreement targets on level 2 qualifications and adult literacy and numeracy. The plan envisages increasing literacy and numeracy test passes delivered through learndirect, increasing the number of learners progressing on to level 2 courses with other providers, and delivering level 2 qualifications through learndirect.

7 The Adult Learning Inspectorate completed inspections of the initial assessments in 2003-04. The Inspectorate wanted to allow time for the funding and quality assurance arrangements introduced in August 2004 to settle down, so it did not carry out inspections in 2004-05.

8 *Tracking learning outcomes: evaluation of the impact of Ufi*, Research Report RR569, Department for Education and Skills, 2004.







## RECOMMENDATIONS

**24** Ufi and the learndirect service have become a major force for innovation in the education sector. **Figure 4 on pages 10 and 11** draws out those aspects of Ufi's experience that we believe provide the most useful lessons to other parts of the public sector on managing innovation.

**25** Our recommendations to Ufi, the Department and the Learning and Skills Council are set out below. To consolidate and reinforce its position Ufi will need to continue to take actions in five key areas:

- reducing costs;
- maximising the benefits of the infrastructure and tools it has created;
- making sure that services are sustainable;
- expanding work with employers; and
- improving consistency of learner assessment and persuading more learners to continue learning.

**i** **Ufi should take action to reduce the costs of its four-tier delivery chain.** By identifying and removing both duplication and unproductive administration in the chain, Ufi may be able to remove one or more of the intermediate tiers – the regional offices or learndirect hubs, or slim each of the tiers substantially. The change would free up more funding for activity directly related to learners and could also improve communication throughout the learndirect network.

**ii** **Ufi should do more to ensure learndirect centres which deliver more learning than planned, and as a consequence use up funding early in the year, are not then obliged to turn people away during the last months of the year.** The learndirect network as a whole is delivering marginally more learning than planned. As an open access service, some centres may provide substantially more courses than planned on literacy and numeracy and to pre-level 2 learners, and therefore risk not having sufficient funding and having to turn away potential learners later in the year. Reluctant learners may be lost to learning if they are told 'come back later'.

**iii** **The Department and Ufi should champion the use of UK online to deliver e-government services with other departments and agencies.** In 2004 a pilot successfully demonstrated the potential of UK online centres to support e-government. The Department should promote this potential use of the service to other departments and agencies, so that they can extend e-government to people who might otherwise not use it.

**iv** **Ufi should examine how it can support types of centre – rural and those dealing with disadvantaged learners – if they become unsustainable under the current funding arrangements.** Some centres face the risk that the funding regime combined with their narrow customer base or rural location may not provide sufficient funding to survive, which may in turn affect learndirect's ability to provide opportunities to the most deprived communities or those with small, scattered populations. Ufi should identify centres at risk of becoming unsustainable. It should explore with the Department and the Learning and Skills Council how they could improve their viability, for example through creative solutions such as small centres taking on the kind of e-government work piloted through UK online.



**v The Department should enable other learning providers to exploit learndirect materials in other educational settings.** Ufi's increasingly high quality learning materials have the potential to be used more widely across the education sector. The Department should help potential users to explore and disseminate ways of using materials effectively in their different educational contexts, for example by incorporating material into the toolkit for Key Stage 3 advisers working in schools with 14 to 15 year-olds, or Apprenticeships.

**vi Ufi should raise awareness of learndirect services for businesses and extend services to more small and medium-sized enterprises.** While learndirect is sufficiently flexible to meet many employers' needs and has a wide range of courses, many employers think that it is only for people with low levels of literacy, numeracy and IT skills. Ufi's national campaigns for learners have been effective. It should plan a campaign, through relevant, cost-effective channels, to promote what learndirect can offer to companies. The campaign should be co-ordinated with other public sector organisations communicating with employers. It should also work with learndirect providers to help them draw on current effective work with businesses so as to extend what they can offer to businesses in their area.

**vii Ufi should require learndirect providers to continue to improve their quality and consistency of assessment of learners' needs and work closely with learners to help them move on to appropriate learning, whether with learndirect or another education provider.** Learner assessment and moving learners on to appropriate learning are both key learndirect services. Ufi should set high expectations with all learndirect centres for provision of these services and commission periodic surveys to ensure that the expectations are being met.

**viii The Department and the Learning and Skills Council should ensure that the framework within which Ufi operates will nurture Ufi's ability to innovate.** Ufi is, quite rightly, expected to contribute to achieving the Department's Public Service Agreement targets in return for public funding and its funding arrangements are aligned with those of other further education providers such as colleges. However, a key rationale for Ufi is innovation. The emphasis on specific achievements together with the new funding arrangements may put at risk Ufi's continued ability to be creative. While Ufi is responsible for highlighting where the framework inhibits innovation, the Department and the Learning and Skills Council monitor Ufi's performance. All three need to be alive to the risk to innovation, as well as the potential long-term impact of Ufi being seen as duplicating the existing network of colleges rather than as a realistic, flexible alternative for learners. Ufi, the Department and the Learning and Skills Council intend to consider these matters as a regular item at meetings of the group of senior representatives that oversees the relationship between the three organisations.

## 4 Lessons for managing innovation from experience of Ufi

### Ufi and learndirect experience

#### A 'fit for purpose' structure

- The Department established a separate organisation, Ufi Ltd, to act as a catalyst for change in lifelong learning.
- The Department selected the public-private partnership model so that Ufi should be new and different but at the same time operate prudently and for the public benefit. It has since set up a separate company to take forward commercial services.
- Ufi and the learndirect network's four-tier structure has helped to support the developing service, but its costs can be reduced and are not sustainable in respect of the maturing service. Ufi has saved costs by reducing the number of learndirect hubs.

#### Skills that match the current need

- Ufi assembled teams from widely different backgrounds, bringing together people with a diversity of skills and experience.
- Some key skills were bought in rather than developed in-house – for example the IT infrastructure. Ufi later found that not having these skills limited its capacity and started to build the skills within its organisation.
- Ufi has needed to address new changes and challenges by changing the skills of its staff and by substantially altering contracts, for example with hub providers.

#### Building a reputation for accessible, high quality, cost-effective services

- Ufi spent substantial resources and effort on marketing and researching the target population and how to reach potential learners in environments where they are most receptive. Ufi used television sponsorship to reach large audiences.
- In the early years, learndirect services have required substantial investment. The services have involved a large amount of piloting and testing to get them right.

### Lessons for managing innovation

- Having a separate organisation can provide the environment for creativity and innovation that may not be easy to replicate by having it as part of an existing department or agency.
- The public-private partnership model can combine innovation and prudence. However, it does not necessarily provide the conditions for developing commercial services, which require flexibilities that cannot be achieved within a structure that has to follow public sector rules.
- A structure that supports a developing service may be costly and not the best in the longer term. Substantial cost savings may be possible within the structure, but more fundamental changes should be considered in a timely way.
- A diverse staff collectively has the confidence to try out new ways of meeting policy objectives such as widening participation in e-learning.
- Outsourcing key skills can help at the start, because it reduces the range of skills that have to be built up. It may not be the best option in the long-term. Options should be reviewed periodically and ways found to transfer skills into the organisation as necessary.
- Where a new organisation starts up and matures, it should expect to have to make major changes in its staffing, including the skills of senior staff, and in its providers.
- Any innovative development should be based on thorough research of the target population. For a new concept, the up-front marketing costs may need to be substantial.
- Quality should be paramount in developing innovative services, particularly where people need to be persuaded to change their behaviour to use something like IT for the first time. Their first experience must be good – if it is not they may be turned off for life.

## Ufi and learndirect experience

### Building a reputation for accessible, high quality, cost-effective services

- Ufi had to introduce its ICT system to deliver courses and support quickly – without the system there would have been no service. In this instance it had to compromise quality and improve it later. Ufi made it clear that the system was not in its finished state, so as not to raise expectations that it could not meet.
- Ufi has more recently been reducing the cost of learndirect services.
- Ufi has been piloting wider uses for the UK online network in promoting e-government, particularly among groups of people who would otherwise be unlikely to participate.

### Working through others

- Ufi is itself a partner of the Department and the Learning and Skills Council. The Department allowed it relative freedom to innovate in the early years but increasingly expects it to contribute substantially to achieving government targets.
- Similarly, as the learndirect network has matured, Ufi has increasingly used funding and re-tendering as means to influence performance, particularly in terms of enabling learners to complete courses and reach their learning goals. It has had to strike a balance between making its expectations of partners clear and allowing them sufficient room for continued innovation.
- Ufi has worked with a range of partners, including those that are well placed to reach reluctant learners who may lack confidence in their ability to learn.

### Supporting effective change management

- Ufi has undertaken research and surveys to monitor performance and impacts, and has used the results in making changes. In addition, wider evaluations of Ufi and its impact have drawn lessons to support decisions about strategic change.
- Ufi established working groups to monitor the impact of major changes introduced in August 2004. Feedback from the groups led to adjustments.

## Lessons for managing innovation

- Quality may have to be compromised for some elements of service in order to 'get the show on the road'. It is important to be open about the shortcomings and plan to address them as soon as possible.
- Cost is an increasingly important consideration as an organisation matures and the 'innovation' argument for a cost difference with comparable services becomes less persuasive. Organisations should expect to reduce costs and develop an early strategy for doing so.
- Exploring how the benefits of a service infrastructure can be extended is just as important as working to identify cost savings. Organisations should look well beyond their own boundaries in searching for possible new uses.
- All publicly funded organisations, including bodies set up for innovation, will have to contribute to specific government objectives at some stage. The content and timing of new expectations should be planned and agreed as far as possible in advance of the need for them to take effect.
- Selecting the right partners and contractors is a key success factor, and organisations need to plan for some 'turn over' as expectations change or as some perform relatively poorly. The organisation and its partners and contractors need shared goals, but how to reach them should be left as flexible as possible to allow for innovation.
- Some people may best be reached – and indeed may only be reached – through good collaborative working with partners such as community and voluntary groups.
- Any innovative development should be tracked using planned reviews and surveys that can inform the development as it goes along. Strategic changes in particular should be based on comprehensive evaluations and reviews of the current position.
- Any major changes should be accompanied by a process to identify and deal with problems quickly – the process should involve people directly experiencing the changes.