



# Future of Skills – Policy Consultation Paper

August 2019

## Introduction

The DUP recognises the importance of a modern, dynamic skills base as an integral part of building the Northern Ireland economy into one which is internationally facing and leading in a range of key sectors including advanced manufacturing, various strands of technology and tourism.

In a highly competitive world, the availability of skills is often a deciding factor for many businesses. The continuing success of a FDI is largely dependent on a successful skills strategy, whilst our own indigenous business sector equally need a well skilled, capable 'work ready' pool of labour to draw upon.

There have been successive strategies published by government designed to improve our skills capabilities. We have listened to the views of business to understand the different range and types of skills needed as well as future trends and sectoral needs. For example, we believe there should be greater emphasis on technical education and apprenticeships assisting our core sectors such as engineering and agri-food, whilst underpinning our growing knowledge economy sector with support to develop the entrepreneurs of tomorrow.

## Background

Skills availability will be critical if Northern Ireland is to meet the challenges and changes ahead. We live in an ultra-competitive world and getting the skills system right by having a plentiful supply of the needed skills sets is critical if those entering the workforce, or indeed those retraining, are to have the good life chances and career opportunities. The 'job for life' option has essentially ended and employees will live in a world of changing roles and lifelong learning. From an employer perspective, businesses must ensure that the skills system enables them to exploit opportunities and deliver greater productivity.

We currently have higher levels of economic inactivity and greater numbers of people with no qualifications than the rest of the United Kingdom.

Northern Ireland has an economy populated with small and medium enterprises, with a high number of microbusinesses. The skills system can be central to addressing many of Northern Ireland's social inequalities: low pay, significant levels of poverty and low levels of career progression. These factors set the challenging background against which the skills system in Northern Ireland operates.

Equally, the system has been through a period of change in recent years. There has been a consistent pace of reform, with a range of new strategies designed to meet the demand from employers for skills and to boost levels of skills in Northern Ireland. This can be seen through reforms such as the mergers of colleges, the introduction of the apprenticeship levy, the introduction of programmes like Higher Level Apprenticeships, the innovative Assured Skills scheme, and inclusion of FE/HE colleges within Innovation Strategies. It does not operate in isolation, and a number of external factors will determine how effective skills policy is over the coming years. For example, automation and technological change, the changing nature of globalisation and future funding across the UK will have direct and indirect influence over future direction. These will affect the future economic and social context in which the skills system will be operating.

In a recent series of interviews with local business organisations every single representative reported skills as their number one priority. Set against issues such as taxation and infrastructure demonstrates how important skills has become.

### Political Perspective

Skills development has long been a policy priority for the DUP. This was most recently displayed in the 2017 Westminster Manifesto under the auspices '*Securing the Skills to Succeed*'

1. A strong skills base has been a substantial element to Northern Ireland's recent economic success. In an increasingly competitive global economy, it is often the skills and talents of our people that positively differentiate Northern Ireland from other possible investment destinations. Investment in skills must

continue if Northern Ireland is to continue to secure jobs and investment. The DUP supports

2. Further investment in job focused skills schemes like Assured Skills and Future Skills to provide potential investors and existing employers with the skilled workers they need to grow
3. A digital skills revolution in our schools, colleges and universities to enable young people to become digital citizens, digital workers and digital makers, ready for the modern economy. A separate paper has been produced to look at this issue in greater depth
4. Continued delivery of the reformed apprenticeships and youth training systems
5. Efforts to deliver a better deal for NI business from the Apprenticeship Levy
6. Increased involvement of industry in shaping the skills agenda; and n Better alignment of third level courses with the strong and emerging sectors of our economy

These points have also been made in successive Assembly Manifestos and while we believe significant progress was made during our time in the Executive, our priority has been to ensure that skills are aligned with the needs of industry and we recognise there is considerably more to do.

The draft Northern Ireland Programme for Government makes forty-seven references to skills in its consultation document, all of which will be reviewed as part of this consultation.

### Education and Business

In order to succeed in the modern work environment it is our belief that there should be a significantly greater alignment between businesses and education system, down

to and including primary schools. We wish to see considerably more business people taking governor positions in schools, especially those judged to be struggling in some areas of delivery. Ultimately it will be the general learning and skills learned at a young age that will contribute towards future development.

Education and skills are consistently at the top of the priority list for companies. There is a new range of skills required to meet the demands of many new sectors in which companies operate. It is a joint responsibility between business and educationalists to ensure that the right pathways are in place to equip this upcoming generation with the skills necessary. We should not overlook the need for collaborative education approach equally required to drive reskilling, and maximise the potential of experienced but redundant workforces.

In its 2018 *Annual Education and Skills Report* the CBI found that pupils who have four or more interactions with employers while at school are five times less likely to be out of work as an adult. This demonstrates the value of the collaborative approach.

#### Apprenticeship Levy - the Northern Ireland Impact and Change

There is universal criticism amongst Northern Ireland business of the impact that the Apprenticeship Levy has had on the wider apprenticeship system locally. This was a Treasury initiative and the DUP is committed to ensure Northern Ireland receives in full what is paid in by local companies.

Whilst we will continue to work towards reform of the levy system, we will also work to maximise whatever benefits can be drawn in the shorter term, to support businesses.

Given that our business profile is overwhelmingly small business orientated we believe there should be a tailored SME Apprenticeship Programme for Northern Ireland. This could be developed via the Universities, with a probable collaboration with at least one of the Further Education colleges, and focused around specific

sectors. This could be decided upon an industry-led needs basis analysis, for example the aforementioned knowledge, manufacturing and engineering sectors.

This proposal would address the current confusion by ensuring that funding collected in Northern Ireland is returned to Northern Ireland to fund the programmes which have been designed by industry to meet their needs. In the course of our recent meetings it has become apparent that there is an emerging gap in terms of public sector training spend. We suggest if there is any shortfall in industry spending, consideration should be given to support specialist management and leadership training in areas such as the fire service, policing and potentially health.

### Modern Apprenticeships

Modern Apprenticeships focused on higher level skills and industry needs – for example, we welcome the work to date in relation to Fintech apprenticeships, led by employers and universities. Young people have a very real chance of building a long term career in sectors such as this locally and our support is a natural extension of the desire to see the wider Knowledge Economy grow here over the next couple of decades.

### Changing Times

There is a large section of our community which have effectively disconnected from the workforce. Some issues are historical and the consequence of the long-term decline of traditional industries, alongside technological changes, and a failure of our education system to fully align with the changing needs in our community.

Too many of our people have been impacted by the Troubles which blighted Northern Ireland for so many years. Many were dragged into paramilitarism and educational achievement became secondary. Many others left Northern Ireland, never to return, and this becomes apparent when the disproportionately high number of high achievers with local backgrounds is revealed. Places like the United States of America, Australia and Africa have all benefitted from Northern Ireland skilled individuals, a huge loss to our own economy and social fabric.

The previous Northern Ireland Executive developed a cross-departmental approach including Department for the Economy, Department for Communities, Invest NI and the Department of Health, to enact a strategy to tackle these challenges effectively through a long term approach incorporating targeted incentives, skills and training programmes and job creation.

Despite this approach there are too many who have still not made the transition into work, yet businesses report staggeringly high figures of vacancies waiting to be filled. This is a situation which must be addressed if our economy is to grow, and our stated aim of rebalancing the economy towards private growth.

### Our Ambitions for Northern Ireland

There is a clear need to tackle the many thousands who could but do not contribute to the local economy. We have two of the best universities in the United Kingdom producing high quality graduates, many of whom will stay in Northern Ireland and help build our ambitions for a thriving knowledge economy as well as the professions of law, medicine etc. However we have an ambition for a new trajectory for technical education. There are many positions where academic qualifications are not a priority and we must harness this route and engage more effectively with those who have the capability and desire to pursue this route.

As they progress through education, students of all abilities should have the opportunity to follow industry-relevant vocational pathways alongside academic studies. We believe structures should be put in place to encourage this twin track development, alongside a revamping of the work experience system. It is essential that we introduce high quality work experience that provides pupils with a meaningful and productive exposure to the world of work. There has been a recommendation elsewhere to consider an option of allowing students to begin the first year of a three-four year apprenticeship while still at school, and we believe this deserves consideration locally.

We must also look to improve local attitudes towards lifelong learning. This is essential in an age where a 'job for life' is rare and continuous learning and retraining opportunities come more to the fore.

### An International Perspective

The vast majority of local businesses are small to medium sized, many are family owned. There has long been a challenge to connect these businesses into the apprenticeship system, but we have looked at international examples for good practice. The best known model is the *Mittelstand* network, Germany's famous network of industrious small and medium sized companies who generate a third of the nation's corporate revenues and provide more than two out of three its jobs. This amounts to approximately 31m people and most tellingly, providing nine out of 10 apprenticeships for young people. The German emphasis on vocational education combining academic studies and on-the-job training for apprentices is one from which we can learn.

There are a number of other differences in outlook, for example whilst UK companies are concerned short-term targets there is a greater tendency by German companies to concentrate on making small improvements to their products that help to keep them ahead of the field. In some sectors there is considerable support, for example one key pillar of support is provided by the Fraunhofer-Gesellschaft, a part publicly-funded research organisation that provides applied science for companies that would otherwise find the cost prohibitive. Whilst we are beginning to see strategic changes via programmes such as the Small Business Research Initiative (SBRI) we have a considerable way to go in terms of public sector industry support.

### Skills Programmes – Community-Led

There has been significant investment in post-conflict programmes to tackle the effects of the Troubles. There is a view that future programmes should be outcomes-based and focused upon core government objectives, including around skills development. There are too many in our communities who feel disconnected from society, and this was recently highlighted in our policy document, '*Hope for Every*

*Child – a report examining how we can improve outcomes for all our young people in Northern Ireland*. Building on this, skills are an important element of giving young people the opportunities to build stable careers. There are many who have grown up with all the latest technology gadgets in their daily environments and have the potential to harness this in areas such as coding. Basically, looking at non-traditional routes to maximise our local talent base.

An example of how community-led projects are successfully delivering is the BSCR group, the group, based in the Sandy Row area of Belfast, has focused upon offering digital skills and upgraded their space for digital learning. There has been a realisation that despite the fact that there are many hundreds of tech-sector jobs in the area, the percentage of roles filled by people from the immediate area is just above zero and without investment in skills and employability this would not change. This model of communities and local employers co-operating is not new but in the new knowledge economy sectors there is a greater sense of disconnect and it is this that we have to challenge.

Maximising local talent is essential for us to rebuild communities. We welcome projects such as Men's and Women's Sheds, community tourism and other social enterprises, all of which provide invaluable opportunities for skills development, especially for older people who have so much to contribute to communities. There are many ways of supporting such projects, be it through local government, agreements such as Fresh Start and departmental funding. However we must ensure that solid business cases show that sustainability is at the heart of these models. The skills in managing this in themselves will help the individuals involved.

The following is a brief set of questions relating this consultation; however, we will welcome additional views and comments not set out formally in the questions above.

### Questions

- Do you agree with the SME-led Apprenticeship proposal? What key elements do you think this should include?
- Should this be organised on a sectoral basis or on a broader small business perspective, irrespective of business activity?
- How well aligned do you think skills training is with business need currently?
- What are your views of the Apprenticeship Levy applied to Northern Ireland to date?
- What generic elements of skills development should be focused upon in a new delivery programme?
- What is your view of business engagement with education to date? How can this be improved in real terms?

If you wish to respond, please contact George Dorrian at **[georgedorrian@dup.org.uk](mailto:georgedorrian@dup.org.uk)** or at 91 Dundela Avenue, Belfast, BT4 3BU.

Thank You.