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Department for  
**Employment  
and Learning**  
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# Success through Skills 2:

## The Skills Strategy for Northern Ireland

### Consultation Document

June 2010



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## 1. MINISTERIAL FOREWORD

Since the publication of the draft Skills Strategy in 2004 and the subsequent Implementation Plan, 'Success through Skills', in 2006, much has changed - both politically and economically.

Politically, after a period of Direct Rule, the devolved Northern Ireland Assembly is now responsible for employment and skills matters. The Executive, through the Programme for Government, has placed an innovative and dynamic economy at the heart of its vision and in doing so, has acknowledged the important role that the skills of the workforce will play in attaining these goals.

Economically, the current recession has affected each and every one of us. Whilst some talk about the early signs of an upturn, there is little doubt that the full effect of the downturn will be felt for years to come. Yet, businesses are increasingly realising that investing in the skills of their workforce can impact on their productivity and overall success, in turn helping them to survive the current turmoil.

Whilst the planned review of the Strategy and its Implementation Plan, after three years, has taken place against a backdrop of economic change, it helps to demonstrate the real need for flexibility. The ability for our skills system to adapt from meeting our needs during a recession, to the needs we will face during the upturn will be crucial in determining its success.

As we face continuing economic challenges it is important that we ask ourselves what role we can play in helping Northern Ireland reach its full potential in the years to come. As individuals, we can adopt a stance of lifelong learning – constantly looking to improve our knowledge and skills. As employers, you can encourage your employees to train as a way to improve productivity and ultimately profit and as Government, we can ensure the infrastructure is in place to support the individual and employers.

The following report looks at our current skills base, examines the skills we may need in the future and highlights areas for action. As such, it should be viewed as the overarching strategy for the development of skills in Northern Ireland over the next decade. Like the first Strategy, it focuses on raising the skills of the current workforce, enhancing the quality of those entering the workforce and addressing the employability skills of those not in employment to help them get into work but just as importantly to remain in work and progress up the skills ladder.

It is clear that transformational change will be required and that this will be particularly challenging given the increasing pressure on the public purse.

I very much welcome your responses to this consultation document and hope to hear from as many of our stakeholders as possible during the consultation process.



**SIR REG EMPEY MLA**

Minister for Employment and Learning

## 2. EXECUTIVE SUMMARY

### INTRODUCTION

The prosperity of Northern Ireland is dependent on the skills of its workforce and its ability to meet the needs of the local economy, to support a strong export oriented market, and to secure the wealth creating opportunities of the future. In November 2004 the Department published the Skills Strategy which set out a vision of increased levels of productivity and social inclusion which would be achieved by increasing the skills levels of Northern Ireland's workforce. The Department for Employment and Learning's commitment to review the Skills Strategy for Northern Ireland after three years was set out in the Implementation Plan – 'Success through Skills' - published in February 2006.

### THE SKILLS STRATEGY IN CONTEXT

While the skills agenda continues to be a priority, much of the context, both economically and politically, has changed. The current economic downturn is very different to the extensive period of growth we have experienced recently and its full effects are now likely to be felt for the next decade. Politically, devolution in Northern Ireland was restored in May 2007 following a period of direct rule from Westminster.

In addition to this, a number of reports and reviews have been conducted which will have a bearing on the Strategy: MATRIX; the Report of the STEM Review<sup>1</sup>; the All-Island Skills Study<sup>2</sup>; Varney's Review of Competitiveness of Northern Ireland<sup>3</sup> and the Independent Review of Economic Policy<sup>4</sup>. There are also lessons to learn from the implementation of the Leitch Review<sup>5</sup> and the skills strategies of Scotland<sup>6</sup>, Wales<sup>7</sup> and the Republic of Ireland<sup>8</sup>.

Throughout this paper, 'qualifications' will be used as the measure of skills as they can be seen to be both valuable to individuals (in terms of providing mobility in the labour market and enhancing self esteem), employers (for providing information when recruiting workers) and for measuring the skill levels of the workforce. While the use of qualifications as a measure for skills is recognised as imperfect it is the best measure available at present – in effect, qualifications are the internationally accepted 'currency' for measuring skills. This Skills Strategy will be enabled by the implementation of the UK-wide reform of vocational qualifications that is currently under way. At the heart of this major reform is the new Qualifications and Credit Framework which, from December 2010, will be the only recognised and regulated framework in the UK for vocational qualifications.

1. 'Report of the STEM Review', September 2009
2. 'All-Island Skills Study', 2008
3. 'Review of the Competitiveness of Northern Ireland', Sir David Varney, April 2008
4. 'Independent Review of Economic Policy (DETI and Invest Northern Ireland)', September 2009
5. 'World Class Skills: Implementing the Leitch Review of Skills in England', July 2007
6. 'Skills for Scotland: A Lifelong Skills Strategy', September 2007
7. 'Skills that Work for Wales', July 2008
8. 'Tomorrow's Skills: Towards a National Skills Strategy', 2007

## THE VISION

The economy is the top priority of the Executive, with the aspiration to grow a dynamic and innovative economy to provide the wealth and resources required to build a peaceful, prosperous and fair society. The vision for 'skills', therefore, must be to support this economic aspiration by ensuring that excellent leadership is provided from well qualified managers supported by a highly skilled workforce. This will be done by focusing on those entering the labour force for the first time, up-skilling the existing workforce and ensuring those currently excluded from the labour force are provided with the skills to compete for jobs, retain jobs and progress up the skills ladder. Where there are insufficient numbers of people with high level skills to meet employers' needs, the Department will encourage skilled people to consider Northern Ireland as a place to work and live.

## THE AIM

To enable people to access and progress up the skills ladder, in order to:

- raise the skills level of the whole workforce;
- raise productivity;
- increase levels of social inclusion by enhancing the employability of those currently excluded from the labour market; and
- secure Northern Ireland's future in a global marketplace.

## THE BENEFITS

The skills of Northern Ireland's workforce have an important role to play in helping Northern Ireland to reach its full economic potential. The twin goals of the Skills Strategy are to raise the levels of productivity and social inclusion within Northern Ireland, within the context of the Programme for Government.

## PROGRESS TO DATE

Whilst the skills profile of Northern Ireland has been improving steadily over the last decade, doing no more than is currently being done will not result in the skills profile necessary to achieve the productivity and skills targets set out in the Programme for Government. Put simply, **more needs to be done, in addition to the work already being taken forward relating to the skills agenda, in order to meet the strategic targets and enable Northern Ireland to compete globally. Transformational change is required.**

## THE FUTURE ECONOMY

To gain a better understanding of the current and future economy, and the likely macro level demand for skills, the Department for Employment and Learning in association with the Department of Enterprise, Trade and Investment and the Department of Finance and Personnel commissioned Oxford Economics to produce a report entitled 'Forecasting Future Skill Needs in Northern Ireland'. It outlined a number of challenges that would need to be addressed if Northern Ireland was to meet the forecasted future (2020) demand for skills.

## **FUTURE SKILL NEEDS**

The first Skills Strategy defined the different types of skills and this definition remains current.

- The essential skills of literacy, numeracy and Information and Communications Technology (ICT);
- Employability skills, including team working, problem solving and flexibility; and
- Work-based (occupational/sector) skills, including skills and competences established in the National Qualifications Framework and employer specific skills which build on the qualifications framework.

If the 2020 workforce is to meet the demands of employers there are a number of challenges which will need to be addressed.

### **The need for higher-level skills**

There will be an increasing need for people with higher level skills (Levels 4-8 on the qualifications frameworks) within the workforce. Forecasts predict that degree subject requirements will become more skewed towards physical sciences, mathematical and computer sciences, engineering and technology, law and creative arts and design ('imagineers' rather than pure art) and less skewed towards subjects allied to medicine and education. Consideration should be given to the ways in which students can be encouraged to study these subjects.

This increasingly 'skills hungry' job market will have an impact right across the skills spectrum as those with Level 4 qualifications increase their skills to gain Level 5 qualifications, so those at Level 3 will be required to fill the gap created at Level 4 and so on.

### **The need to up-skill**

As over 75% of the 2020 workforce have already completed their compulsory school education<sup>9</sup>, there must be a renewed focus on the up-skilling or re-skilling of these people. As a result, employers will need to be encouraged to see the wider skills agenda and encourage their staff to gain more knowledge through training. It is important that these qualifications are accredited. To permit the Department to prioritise this work, the need for basic numeracy and literacy interventions must be significantly decreased through the work being taken forward by the Department of Education. The Department of Education has publicly stated that it wishes to increase the figure of those students attaining a Level 2 of five GCSEs A\*-C by 2010 from 55% to 70%.

### **The need to address sectoral imbalances**

There will be an increased need for people with qualifications in STEM (excluding subjects allied to medicine) at all levels. The recently published 'Report of the STEM Review' examines ways in which Government and business can increase the number of people with STEM qualifications entering the workplace.

9. [Department for Employment and Learning Analytical Services using Northern Ireland population estimates from Northern Ireland Statistics and Research Agency](#)

## **The need to increase management and leadership skills**

It is not enough, though, to have a workforce with the right skills – that workforce needs to be utilised effectively and this is where good management and leadership plays a vital role. Recent research has noted that Northern Ireland has lower managerial and professional skills than the UK as a whole.<sup>10</sup>

## **The need to attract skilled labour**

Where there are insufficient numbers of people with high level skills a certain amount of in-migration of suitably skilled people will be required. In order to attract these highly mobile skilled people to Northern Ireland the region must offer an attractive lifestyle and employment opportunities.

## **Creating a fully integrated, customer-focused employment and skills service**

In line with the original Strategy, a key focus of the Department's work to date has been addressing the barriers that prevent people entering the workplace. Current programmes may lead to a qualification but there is no incentive or requirement to complete the qualification if the individual gains employment prior to them gaining their qualification. Given the increasing need for employees to be up-skilled the Department should develop a simplified system which enables people not only to compete for a job but also to be able to complete the qualification which they commenced while on a Government training programme.

## **THEMES FOR ACTION**

In order to deliver transformational change a number of actions will need to be taken forward (see Chapter 7). These can be seen to broadly fall into five themes:

- Understanding the demand for skills;
- Improving the quality and relevance of education and training;
- Improving productivity by increasing the skill levels of the workforce;
- Tackling the skills barriers to employment and employability; and
- Engaging stakeholders.

This Strategy document sets out 'what' needs to be taken forward to deliver the skills Northern Ireland's economy requires. Following the consultation, an Implementation Plan will outline the 'how' these actions will be delivered and will outline specific costed actions. While recognising budgetary pressures, these actions must be taken if Northern Ireland is to compete globally.

10. 'Management Matters in Northern Ireland and Republic of Ireland', March 2009

## **THE ROLE OF STAKEHOLDERS**

The overriding factor that will determine the success or otherwise of this strategy in advancing the achievement of the relevant strategic goals will be the extent to which it sets the policy agenda for the relevant stakeholders, including this Department. The requirement that 'more be done' is evident throughout the analysis contained in this review and the proposed actions. It is also recognised that the many strands of this strategy will have to compete for increasingly limited financial resources within the various policy areas.

As such, this strategy seeks commitment from all stakeholders to place the relevant actions that are eventually included in the forthcoming Implementation Plan at the forefront of their own business activity.

## **3. INTRODUCTION**

### **3.1 Background**

The publication of the draft Skills Strategy for Northern Ireland in November 2004 set out a vision of increased levels of productivity and social inclusion which would be achieved by increasing the skills levels of Northern Ireland's workforce. In this context, skills can be viewed as 'capabilities and expertise in a particular occupation or activity' and can be measured in terms of 'qualifications'. It formed the first overarching strategy for the development of skills in Northern Ireland and outlined many of the challenges we faced; from the need to increase the levels of numeracy and literacy in our adult population, right through to a need to improve our workforce's management and leadership skills.

The Department for Employment and Learning's commitment to review the Skills Strategy for Northern Ireland, known as 'Success through Skills', after three years was set out in the Implementation Plan, published in February 2006.

### **3.2 The vision**

The economy is the top priority of the Executive, with the aspiration to grow a dynamic and innovative economy to provide the wealth and resources required to build a peaceful, prosperous and fair society. The vision for 'skills', therefore, must be to support this economic aspiration to ensure excellent leadership is provided from well qualified managers supporting a highly skilled workforce. This will be done by focusing on those entering the labour force for the first time, up-skilling the existing workforce and ensuring those currently excluded from the labour force are provided with the skills to compete for jobs, retain jobs and progress up the skills ladder. Where there are insufficient numbers of people with high level skills to meet employers' needs, the Department will encourage skilled people to consider Northern Ireland as a place to work and live.

### **3.3 The aim**

To enable people to access and progress up the skills ladder, in order to:

- raise the skills level of the whole workforce;
- raise productivity;
- increase levels of social inclusion by enhancing the employability of those currently excluded from the labour market; and
- secure Northern Ireland's future in a global marketplace.

### 3.4 The benefits of the Skills Strategy

Skills are widely accepted as the key ‘raw material’ in the modern knowledge-based economy.<sup>11</sup> As such, they are a key driver in how we achieve our economic goals. Lord Leitch in his report entitled ‘Prosperity for All in the Global Economy – World Class Skills’ goes so far as concluding that the skills of our workforce are “the most important lever within our control to create wealth and to reduce social deprivation”.<sup>12</sup>

The Northern Ireland Executive’s Programme for Government identified their highest priority as growing a dynamic and innovative economy “characterised by high productivity, a highly skilled and flexible workforce and employment growth”<sup>13</sup>. The associated Investment Strategy identified ‘skills’ as one of six investment pillars and notes that “a peaceful, fair and prosperous society has at its heart a well educated populace with the skills to engage fully and positively in society and in the economy”.

The skills of Northern Ireland’s workforce therefore have an important role to play in helping Northern Ireland reach its full potential. This is supported by Oxford Economics who note that “there is widespread consensus on the value of high skill levels both to the individual and to the economy as a whole”.<sup>14</sup>

The twin goals of the Skills Strategy therefore remain: to raise the levels of **productivity** and **social inclusion** within Northern Ireland, within the context of the Programme for Government.

Throughout this Strategy, ‘qualifications’ will be used as the measure of skills as they can be seen to be both valuable to individuals (in terms of providing mobility in the labour market), employers (for providing information when recruiting workers) and for measuring the skill levels of the workforce. Whilst the use of qualifications as a measure for skills is recognised as imperfect it is the best measure available at present – in effect qualifications are the internationally accepted ‘currency’ for measuring skills. Figure 3.1 outlines the classification of qualifications and terminology used throughout this report.

11. ‘All-Island Skills Study’, 2008

12. ‘Leitch Review of Skills, Prosperity for all in the Global Economy – World Class Skills’ December 2006

13. Programme for Government, 2008-2011

14. ‘Forecasting Future Skill Needs in Northern Ireland’, February 2009

NQF/QCF/FHEQ <sup>15</sup>	Examples	Terminology
8	Doctorate; Vocational qualifications (VQs) Level 8	Postgraduate
7	Masters, postgraduate certificate and diploma; VQs Level 7	
6	Honours degree; VQs Level 6	First degree and sub degree
5	Sub-degree including foundation degree; VQs Level 5	
4	Certificates of higher education; VQs Level 4	
3	VQs Level 3, eg NVQ Level 3; A-Levels	Intermediate A
2	VQs Level 2, eg NVQ Level 2; GCSE grades A*-C	Intermediate B
1	VQs Level 1, eg NVQ Level 1; GCSE grades D-G; Essential Skills Level 1	Low
Entry	Entry Level qualifications in adult literacy, other qualifications	

Figure 3.1: Skills classification and terminology

In order for the Skills Strategy to adequately impact on these goals it is important that we fully understand the role that skills play in relation to each one.

### 3.4.1 Regional productivity and prosperity

Northern Ireland has made little progress in closing the prosperity gap with the UK as a whole over the last decade. Gross Value Added (GVA) per head, which is a commonly recognised measure of regional economic success and prosperity, has remained at around 80% of the UK average since the mid 1990s. Along with Wales and the North East of England, Northern Ireland ranks among the lowest regions of the UK on this measure.

Labour productivity, as measured by GVA per employee, is also lower in Northern Ireland than the UK average and the UK itself ranks outside the top quartile of Organisation for Economic Co-operation and Development (OECD) countries. This ‘productivity gap’ contributes significantly to Northern Ireland’s lower levels of prosperity.

15. The national qualifications framework (NQF) will contain only academic qualifications (eg GCSE, GCE) after 2010. The qualifications and credit framework (QCF) will include all vocational qualifications after 2010. The framework for higher education qualifications (FHEQ) contains qualifications awarded by the HE sector only. NQF and QCF levels are directly comparable, while the FHEQ is a separate framework. The term ‘NQF’ used throughout this paper refers to levels of qualifications on all of these frameworks. Details of the relationships between the FHEQ and other UK and ROI qualifications frameworks can be found here [http://www.rewardinglearning.org.uk/regulation/reform\\_of\\_vocational\\_qualifications/eqf\\_cross.asp](http://www.rewardinglearning.org.uk/regulation/reform_of_vocational_qualifications/eqf_cross.asp)

One of the key drivers that can affect productivity is the skills of our workforce, particularly those skills associated with higher level qualifications. In 'The importance of qualifications in achieving high wages and productivity'<sup>16</sup> it is noted that "It is unlikely that Northern Ireland can close its wage and productivity gaps with the rest of the UK without increasing its share of private sector graduates. This reflects a belief that it is higher level skills which contribute to and sustain high productivity and high wages".

As noted in the Department of Enterprise, Trade and Investment's Economic Bulletin 2007<sup>17</sup>, "An improvement in labour productivity will require sustained improvements in private sector export performance; innovation/research and development; business growth; value added inward investment and the necessary developments to the economic and physical infrastructure that make the region fit for global competition in the 21st century".

#### **Programme for Government key goal**

Halving the private sector productivity gap with the UK average (excluding the Greater South East) by 2015.

### **3.4.2 Social inclusion and employment/economic activity**

There has been much discussion in recent years as to how social inclusion should be defined and measured. Social exclusion has been defined as a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown.

Regardless of how we define social inclusion, it is clear that better skills have an important role to play. For individuals, they provide a route to stable employment, better wages, and long-term prosperity, as well as to personal development and fulfilment. Out of this come wider benefits, including better health and greater social stability.

#### **Programme for Government key goal**

To increase the working age employment rate to 75% by 2020 (from a baseline of 65.6% in 2009).

While unemployment has risen as a result of the current economic downturn, the reductions in unemployment since the late 1990s have been very substantial: in November 2007, Northern Ireland had the lowest (ILO) unemployment rate of all the UK regions; and between April 1998 and June 2008, Northern Ireland had the highest percentage reduction in claimant count. However, economic inactivity remained stubbornly high, even during this

16. 'The importance of qualifications in achieving high wages and productivity', Graham Gudgin, Labour Market Bulletin 21, March 2008, Chapter 13

17. 'The Northern Ireland Economic Bulletin 2007', Article 1, Hutchinson and Byrne

period of rising employment: at the time of writing, working age economic inactivity is approaching 30% (more than 300,000 people), and has rarely dropped below 27% in the past quarter of a century. Typically, inactivity rates here exceed the UK figure by some seven or eight percentage points. Whilst a proportion of the inactive are students, and therefore investing in their (and the economy's) future, and some are inactive by reason of choice; the high level of inactivity has negative economic and social consequences. Data from the Labour Force Survey suggest that around one-sixth (around 50,000) working age inactive people would like to work. Reintegrating the inactive, plus the recent-rising number of unemployed people following the recession, must remain a priority if the Executive's employment goal is to be achieved.

### 3.5 The scale and importance of the challenge

Compared with the UK average and most other regions of the UK, Northern Ireland has significantly more working age people with low level skills and fewer with high level skills (figure 3.2).

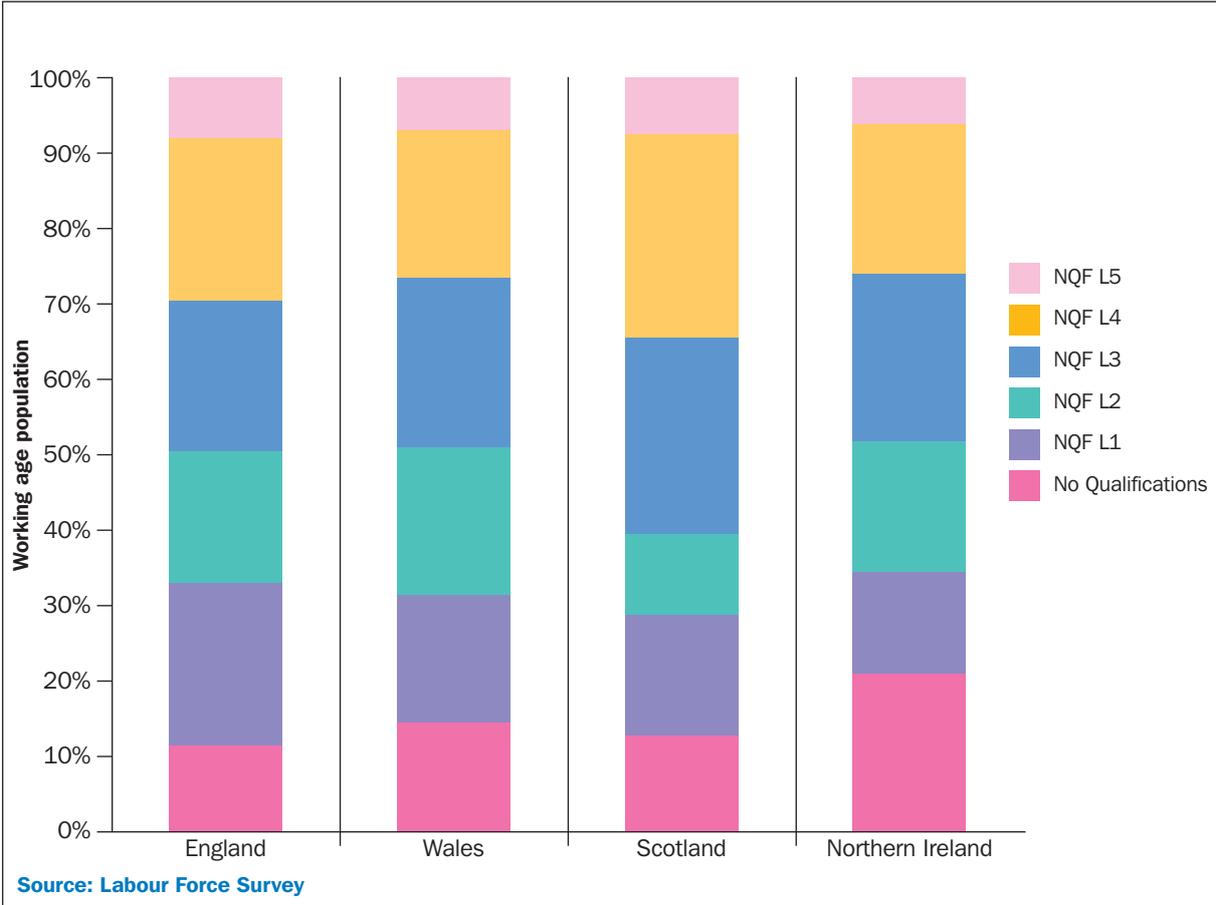


Figure 3.2: NQF qualifications of the working age population by UK region (Quarter 1, 2009)

Note: LFS is a sample survey and is therefore subject to sampling error

The Northern Ireland skills profile has been improving steadily. For example, the proportion of the working age population with Level 2 qualifications or above has increased from around 55% in 1997 to 65% by mid 2009. However, the rate of progress is not sufficient to attain the ambitions set out in 'Success through Skills'. The pace of improvement has not closed the skills gap measurably with the rest of the UK and the recent UK Commission for Employment and Skills 'Ambition 2020' report shows how far the UK itself lags behind the skills profile of many other OECD countries. Of further concern, the UK Commission for Employment and Skills forecasts that the UK's international standing on skills is likely to deteriorate rather than improve over the next decade.

There is much evidence about the central role skills play in boosting productivity and raising employment levels. There is a strong link between skill levels and earnings. Individuals with higher skill levels are much more likely to be in employment and earn more when employed. Increased skill levels help firms adapt more quickly and effectively to change. This in turn gives them more confidence to invest, to innovate, to seek out new markets and to grow.

The drive to increase skill levels is absolutely necessary to allow Northern Ireland the opportunity to achieve sustained regional economic growth. Necessary, but not on its own, sufficient. This is partly due to the structure of the local economy, with its under-representation of high value added/higher skills sectors, which acts as a constraint on the rate at which high level skills can be absorbed. This is supported by evidence that the skills of current employees are being under-utilised: for example, the authors of the report on the 2006 Northern Ireland Employee Skills Survey<sup>18</sup> concluded that "Northern Ireland lags somewhat behind the rest of the UK as a whole" in its uptake of computer skills in particular but also of generic skills. In addition, data from the Labour Force Survey shows that Northern Ireland workers are currently much less likely to have received recent training than their counterparts in the rest of the United Kingdom: in January-March 2009, only 9% of Northern Ireland employees had received any job-related training in the previous four weeks compared to 14% in the UK as a whole<sup>19</sup>.

The evidence cited above relates to those people who stay in Northern Ireland. In addition, many leave – especially those potentially high-skilled young people, many of whom leave Northern Ireland to pursue higher education options and who subsequently do not return; and in addition, others who do undertake higher education in Northern Ireland here then leave following graduation. This is, in part, an element of a UK-wide picture that could be characterised as a drift to the job-rich areas of London and the South-East of England, as other regions show a similar haemorrhaging of people with high level qualifications. Nevertheless, addressing this drift remains a challenge for Northern Ireland: in 2007/2008, 13% of leavers gaining higher education qualifications through full-time study at Higher Education Institutions in Northern Ireland were employed outside the region<sup>20</sup>.

18. Labour Force Survey

19. '2007/08 Destinations of Leavers from Higher Education Survey', Higher Education Statistics Agency

20. (Work Skills in Northern Ireland: Results from the Employee Skills Survey), Felstead, A and Green, F 2009 Labour Market Bulletin #21, pp 75-80.

If we are to achieve our economic ambitions we cannot allow ourselves to get locked into a low skill, low value added economy. We must find ways of ensuring the skills that are produced are closely related to the current and future needs of the economy. We must find ways of ensuring that employers are incentivised, not only to articulate their skill needs but also to harness fully the skills that are available to them, and this may require in some cases a comprehensive re-engineering of business models and stronger management and leadership to drive forward the required change. We also must ensure that the providers of skills are linked in and work to encourage the drive to attract inward investment and innovation: the importance of the recent review of STEM is pivotal in this context.

### **Overview of chapter**

The skills of Northern Ireland's workforce have an important role to play in helping Northern Ireland to reach its full economic potential. The twin goals of the Skills Strategy are to raise the levels of productivity and social inclusion within Northern Ireland, within the context of the Programme for Government.

This Strategy aims to enable people to progress up the skills ladder, in order to raise the skills level of the whole workforce; to help deliver higher productivity and increased levels of social inclusion; and to secure Northern Ireland's future in a global marketplace.

For the purposes of this Strategy, 'qualifications' will be used as the measure of skills. Qualifications can be seen to be both valuable to individuals (in terms of providing mobility in the labour market), employers (for providing information when recruiting workers) and for measuring the skill levels of the workforce.

## 4. THE SKILLS STRATEGY IN CONTEXT

Much has happened, both politically and economically, since the publication of the draft Skills Strategy in November 2004.

### 4.1 Programme for Government

Politically, devolution in Northern Ireland was restored in May 2007 following a period of direct rule from Westminster, during which there was an expectation that Northern Ireland economic policy would, generally, reflect that set for England.

The new Executive has placed achieving an innovative and dynamic economy at the heart of its Programme for Government<sup>21</sup> and the Investment Strategy<sup>22</sup> has identified skills as one of the six pillars needed to realise this goal. It is therefore particularly timely that we review the aims of the Skills Strategy, evaluate its impact and ascertain how the Skills Strategy should contribute to the aims of the Programme for Government.

### 4.2 Global downturn

Economically, Northern Ireland enjoyed an unprecedented 'golden era' over the last decade in terms of rising output and employment, falling unemployment and increasing income and consumer spending. However, it is clear now that an element of this growth was debt-led and unsustainable in the long-term.

Between 1996 and 2008 the Northern Ireland economy was the fastest growing region of the UK in employment terms, however structural economic weaknesses persisted. In 2008, Northern Ireland's employment rate reached 70.1%<sup>23</sup> and while this was higher than any previous period, it was still some way from converging with the UK rate and relative GVA per head was still around 20% less than the UK average. The global economic downturn has impacted adversely on the working age employment rate which now stands at 65.7%<sup>24</sup>.

At the time of writing this report, there are considerable unknowns in terms of how the current economic downturn will play out and the impact it will have on the level of demand for skills in the short term. However, as with any strategy, it is important that a longer term approach is taken and in the case of the Skills Strategy for Northern Ireland, we will be working towards targets for 2020. This time horizon takes us five years further than the original strategy and is in line with the Leitch and all other regional skills strategies delivery timeframes. With this in mind, it is important to note that while the longer term outlook remains positive, a return to the previous decade of growth is not projected for Northern Ireland, nor indeed other developed economies.

21. 'Programme for Government', 2008-2011

22. 'Investment Strategy for Northern Ireland 2008-2011', January 2008

23. Labour Force Survey (seasonally adjusted), July – September 2008

24. Labour Force Survey May-July 2009

## 4.3 Reviews and publications

### 4.3.1 Sir David Varney's Review of Competitiveness<sup>25</sup>

In April 2008, the 'Review of the Competitiveness of Northern Ireland' was commissioned by the Chancellor to identify measures to promote private sector investment and enhance competitiveness in Northern Ireland.

The review found that Northern Ireland has a number of existing strengths that make it an attractive place to do business, including a young population, a good education system and strong transport links with the UK, Ireland and the rest of Europe. It also found that the Executive is responding well to many of the economic challenges brought by increasing globalisation. The Varney Review made recommendations to the Northern Ireland Executive and the UK Government in a number of areas, including that of skills.

It highlighted the need for the Executive to focus on the Essential Skills of numeracy and literacy, both at school and in the existing workforce, in addition to improving intermediate and higher level skills. Specifically it recommended:

- following the results of pilots, the Department for Employment and Learning should consider how to increase supply and take-up of youth and adult apprenticeships;
- the further education system should consider its effectiveness in delivering intermediate skills, again considering changes in England, and whether it has the structural flexibility to respond quickly to the changing demand of employers and inward investors;
- providing students with better information on the demand for skills through appropriate careers advice in schools and ensuring students have the opportunity to meet young, skilled workers in newer industries with which they are unfamiliar;
- further work to explore whether additional support or incentives such as bursaries would be effective in increasing the supply and take-up of those skills most in demand by the economy;
- the Executive should take the lead in promoting partnership models for supporting foreign direct investment; this includes building on the existing co-operation between the Department for Employment and Learning and Invest Northern Ireland; and
- a focus on attracting students and graduates with appropriate skills from outside Northern Ireland and consideration of how to improve cross-border job opportunities.

### 4.3.2 The All-Island Skills Study<sup>26</sup>

The Northern Ireland Skills Expert Group and the Expert Group on Future Skills Needs in Ireland jointly commissioned this study, which was published in 2008. The study provides a comprehensive analysis of current skills demand across the island of Ireland. It

25. "Review of Competitiveness of Northern Ireland" Sir David Varney, April 2008

26. 'All-Island Skills Study', Expert Group on Future Skills Needs and Northern Ireland Skills Expert Group, 2008

demonstrates that the improvement in the skills base over the last decade has had a significant impact on productivity, competitiveness, innovation and investment and that this will continue to be the case in the future.

The report concludes that it is important to take a long term view of skills demand issues and notes that “the structure of skills demand on the Island points towards a continuing movement towards a higher skill profile of the workforce to serve the all-island economy’s shift towards higher value service sector and hi-tech manufacturing activities”.

### **4.3.3 Report of the STEM Review<sup>27</sup>**

The STEM Review was jointly commissioned in 2007 by the Department for Employment and Learning and the Department of Education against a backdrop of reducing student numbers choosing key STEM subjects, issues around teacher supply, a comparative lack of integration amongst the components of STEM and a need to develop more effectively the links between schools, further education and industry, particularly in respect of careers guidance.

Three working groups reported to the steering group, each of which was responsible for taking forward a key strand of the Review. These working groups ensured a focus on the respective roles of business; education; and government in promoting the STEM agenda.

The report contains 20 recommendations grouped under four ‘imperatives’.

- Imperative 1 - Business must take the lead in promoting STEM
- Imperative 2 – The need to alleviate key constraints in the STEM artery
- Imperative 3 – The need to have increased flexibility in the provision of STEM education
- Imperative 4 - Government must better coordinate its support for STEM

The review was published in September 2009. A number of recommendations fall to the Department for Employment and Learning alone, including a review of the financial support available for students on all STEM courses and considering mechanisms to permit easier two way transfer between universities and further education colleges thereby allowing students additional time to choose between academic, technician, or apprenticeship style courses and providing alternative choices in the event of non-continuation.

### **4.3.4 MATRIX<sup>28</sup>**

In 2006 the Northern Ireland government handed business and academia a challenge to map out their preferred future for an innovation based economy capable of competing with the best in the world. MATRIX, the Northern Ireland Science and Industry Panel, was established to meet this challenge.

MATRIX was tasked to produce evidence based and targeted advice to help guide the Department of Enterprise, Trade and Investment develop policies for maximising Northern

27. ‘Report of the STEM Review’, Department for Employment and Learning and Department of Education, October 2009

28. The first report of MATRIX; The Northern Ireland Science Industry Panel Volume 1, 10.8

Ireland's economic return from the exploitation of science, technology and research and development over the next two to ten year timeframe.

MATRIX developed and implemented a research and analysis programme to attain a thorough understanding of Northern Ireland's science and technology strengths and weaknesses and to establish a clear set of priorities for medium to long term economic success. The MATRIX process resulted in a detailed analysis of the strengths and weaknesses across a full range of science and technology based business sectors in Northern Ireland at present, the 'Technology Capabilities and Market Opportunities Study'. In addition MATRIX also conducted a focused and time bound technology and market foresight initiative known as the 'Horizon Programme' and this has examined in great detail the capabilities and opportunities in five key technology business areas.

They are:

- Information and Communications Technology (ICT);
- Agri-Food;
- Advanced Materials;
- Advanced Manufacturing (Transport); and
- Life and Health Science.

The MATRIX process also allowed a focus to be placed on the market opportunities at inter-sectoral interfaces. These Long Term Market Trends include:

- Clean and Green;
- Health, Wellbeing and Vitality;
- Joined Up and Connected; and
- Safe, Protected and Secure.

The MATRIX process highlighted the need to create and maintain a new working environment for business, government and academia where they would combine their resources in a move to innovation communities. These communities would provide a more market-led approach to innovation and enhance economic benefit, inspired by academia and supported by Government.

MATRIX identified four imperatives for Northern Ireland if it is to rise to the challenge of the 21st Century. One of which states "Skills are the bedrock of the modern innovation – based and knowledge economy, right through from the schools system, to further and higher education and on into Lifelong Learning. Increasingly a highly developed skills base will be a key source of a competitive advantage in the Global Economy. Therefore Northern Ireland must set out to align the continuum of the skills and training regime to the future focused needs and requirements of Northern Ireland's higher value added goods, services and industries".

The MATRIX Report was presented to the Minister for Enterprise, Trade and Investment on 8 October 2008. Following consultation with all departments, the Government Implementation Group recently provided an update and response to MATRIX on what has been achieved in the period since the launch of the MATRIX report and the departments' plans to help implement the recommendations within the report.

The Department for Employment and Learning, in conjunction with the Department of Enterprise, Trade and Investment, has undertaken to develop a skills delivery model to support the implementation of MATRIX.

#### **4.3.5 The Independent Review of Economic Policy**

The Independent Review of Economic Policy (IREP) was undertaken by a panel chaired by Professor Richard Barnett, Vice Chancellor of the University of Ulster. The overarching aim of the Review was to assess Department of Enterprise Trade and Investment and Invest Northern Ireland policy to determine whether it was sufficient to help meet the Executive's goal of halving the private sector productivity gap between Northern Ireland and the UK (excluding the Greater South East of England) by 2015. The full report and recommendations were published on 29th September 2009 (available at [www.detini.gov.uk](http://www.detini.gov.uk)).

The Review made recommendations on how Department of Enterprise Trade and Investment and Invest Northern Ireland policy needed to be realigned to stimulate convergence in productivity and ultimately living standards between Northern Ireland and the rest of the UK. The report recognises how central skills development is to Northern Ireland's future economic development and prosperity. It places particular emphasis on the need for skills which will support the development of a dynamic and innovative economy, including enhanced skills in STEM areas.

The report recommended the establishment of a Ministerial Sub-Committee to co-ordinate economic policy. This recommendation has been accepted by the Executive and a Sub-Committee has been established which will include Ministers from a number of Departments including the Minister for Employment and Learning. The Sub-Committee will focus, initially, on the development of an overarching economic strategy for Northern Ireland.

#### **4.3.6 The Higher Education Strategy**

Northern Ireland's university sector has an important contribution to make to the social and economic well being of Northern Ireland and especially to the acquisition and retention of higher level skills. The Department has embarked on the development of a Higher Education Strategy, a key theme of which, among others, will be how higher education can support the aspirations in this Skills Strategy. Communities and business can be transformed by an effective and dynamic higher education system which should provide a flexible skills system that produces excellent graduates and post graduates, is involved in training the workforce at higher levels, research and development and innovation to meet the changing needs of business and economic circumstances. As we look to build Northern Ireland's skills base on which future prosperity depends, higher education must work with government and business to develop the skills for economic growth.

## **Overview of chapter**

While the skills agenda continues to be a priority, much of the short term context, both economically and politically, has changed. The current economic downturn is very different to the 'golden age' we have experienced and the full effects are now likely to be felt for the next decade. Politically, devolution in Northern Ireland was restored in May 2007 following a period of direct rule from Westminster.

In addition, a number of reports and reviews have been conducted which will have a bearing on the Strategy: the MATRIX report; the Report of the STEM Review; the All-Island Skills Study; Skills Study; the Review of competitiveness of Northern Ireland; and the Independent Review of Economic Policy. The Higher Education Strategy will be an important element in the new Skills Strategy. There are also lessons to learn from other Skills Strategies across Great Britain and Ireland.

## 5. THE FUTURE ECONOMY AND ITS SKILL NEEDS

In order to gain a better understanding of the current and future economy, and the likely macro level demand for skills, the Department in association with the Department of Enterprise, Trade and Investment and the Department of Finance and Personnel commissioned Oxford Economics to produce a piece of research entitled 'Forecasting Future Skills Needs in Northern Ireland'.

### 5.1 How the future economy may look

The report bases its skills forecasting on two economic scenarios: a baseline and an aspirational scenario.

#### 5.1.1 The baseline scenario

The baseline scenario reflects what will happen if government/the Executive continues to implement only existing policies and deliver our programmes at their current levels. Effectively, this is a 'steady progress' scenario.

This would deliver approximately growth of 7,000 jobs a year. Whilst this is much lower than the previous decade's average of 13,000 net jobs a year it is considered a more sustainable level considering the number of people set to leave and join the workforce, coupled with the number of entrants from the education system. Oxford Economics notes that "with this growth, the Northern Ireland economy should, in the long term, fully absorb leavers from education and still have a requirement for moderate in-migration inflows, despite overall slower employment growth".

#### 5.1.2 The aspirational scenario

The aspirational scenario goes further by setting out how the Public Service Agreement 1 target of halving the private sector productivity gap with the UK average (excluding London and the Greater South East) by 2015 could be achieved. It considers what skill levels would be required to underpin such an impressive and historically significant level of productivity growth.

There are two main routes to faster growth – either by growth in new high growth potential sectors (re-structuring) or through further investment in sectors which had underperformed in the recent past (catch up). A more simplistic summary might be a strategy towards new areas of high potential or a strategy of investment in what we already have. The two are not mutually exclusive and indeed, via consultation with stakeholders at a Department organised Stakeholder Day, it was agreed that a hybrid of the two would provide an appropriate model.

Thus the aspirational scenario was determined by taking into account the following:

- the unique characteristics and competitiveness of Northern Ireland economy;
- the ethos and direction of policy including a focus on MATRIX, the Department of Enterprise, Trade and Investment's priority sectors, namely financial and business services, ICT, life sciences, agri-food and hi-tech manufacturing, which ensures growth is export led but with local multiplier impacts on secondary sectors; and

- assuming productivity in the rest of the UK improves as envisaged by Leitch.

This scenario would deliver:

- net annual job creation of 10,000 jobs per annum, in addition to a level of replacement demand which will continue to be higher than this expansion demand;
- more jobs in priority sectors;
- GVA higher by £2.7bn in 2020 (2003 prices) – an 8% larger economy;
- relative GVA per head up from 80% to 85% of the UK average; and
- achieving the Public Service Agreement 1 productivity target by 2015 and parity with the UK outside the Greater South East by 2020.

## **5.2 The future labour market**

Information obtained through evidence sources such as the Oxford Economics report and the Sector Skills Councils help to give us a better understanding of how the economy of the future may look. This, in turn, gives us an opportunity to use this information to forecast the level of skills our workforce may require and the areas in which these skills should be focused.

In order to meet the aspirational economic scenario it is forecast that there will be:

- an increased need for higher level skills;
- an increased need for up-skilling of the existing workforce;
- a need to reduce sectoral imbalances;
- an increased need for management and leadership skills; and
- a need to attract skilled labour.

### **5.2.1 The need for higher level skills**

As the figure 5.1 shows, under the aspirational scenario the National Qualifications Framework Level 4-8 proportion of those in employment will need to rise to 52% in 2020 from 33% in 2008<sup>29</sup>, pointing to an increasingly ‘graduate hungry’ economy. At the same time, projections show the size of 18-20 year old cohort (the main source of entry into higher education) is expected to decrease by 13.5% over the next ten years<sup>30</sup>.

29. Labour Force Survey

30. Northern Ireland Statistics and Research Agency



**Figure 5.1: Qualifications of persons in employment - aspirational scenario**

Conversely, the proportion of those in employment with low qualifications is forecast to fall to 10% by 2020 as fewer jobs in the future will require no qualifications.

However, it is important to note that whilst driving increased economic growth will require a more highly skilled workforce, the labour market will still require significant numbers of workers across the skills spectrum.

Progression across the whole skills spectrum from Level 2 upwards will be required. As those people with Level 3 qualifications increase their skills to gain Level 4 qualifications, and above, those people with Level 2 qualifications will need to increase their skills to ensure that the Level 3 requirement is also met, and so on.

A major barrier to raising the skills profile of our workforce is the fact that in the region of 20% of those in employment still have no formal qualifications<sup>31</sup>. Although it is anticipated that the policies of the Department of Education will have a direct impact on the number of people leaving school with an A\*-C grade in their Maths and English GCSEs, more needs to

31. Labour Force Survey

be done by the Department of Education if the Department for Employment and Learning is to be released from the necessity to provide current basic numeracy and literacy interventions for those people already past compulsory school age who lack basic numeracy, literacy and ICT skills.

Using the Oxford Economics aspirational scenario 2020 figures (in terms of those people in employment) gives the following strategic goals.

### **Strategic goal 1:**

Increase the proportion of those people in employment with NQF Level 2 skills and above to 84-90% by 2020, from a baseline of 71.2% in 2008.\*

### **Strategic goal 2:**

Increase the proportion of those people in employment with NQF Level 3 skills and above to 68-76% by 2020, from a baseline of 55.6% in 2008.\*

### **Strategic goal 3:**

Increase the proportion of those people in employment with NQF Level 4 -8 skills and above to 44-52% by 2020, from a baseline of 33.2% in 2008.\*

**\* It should be noted that these aspirational goals are only realistically achievable if the economy recovers as predicted by the Oxford Economics model, appropriate levels of financial resources are made available and that achievements in the school sector are realised.**

Figure 5.2 shows the forecasted output required from our education and training system to meet future skill demand in Northern Ireland as compared to current need. As can be seen, there will be a need for a further 2,600 postgraduates (Level 7-8), 11,700 sub-degree and degree graduates (Level 4-6) and 2,100 people with Level 3 qualifications, as compared to the current need.

With the proposed level of skilled workers entering the workforce from education, Northern Ireland may still require moderate levels of in-migration to obtain the skills profile sought by employers.

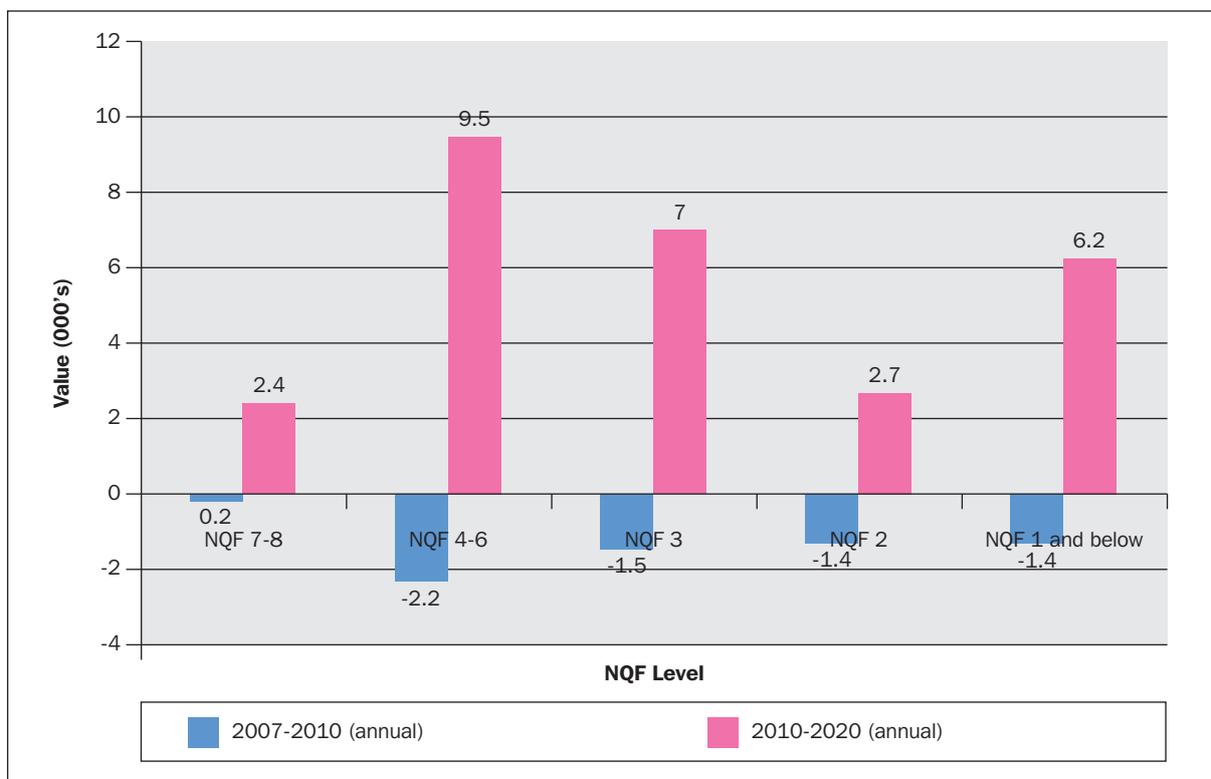


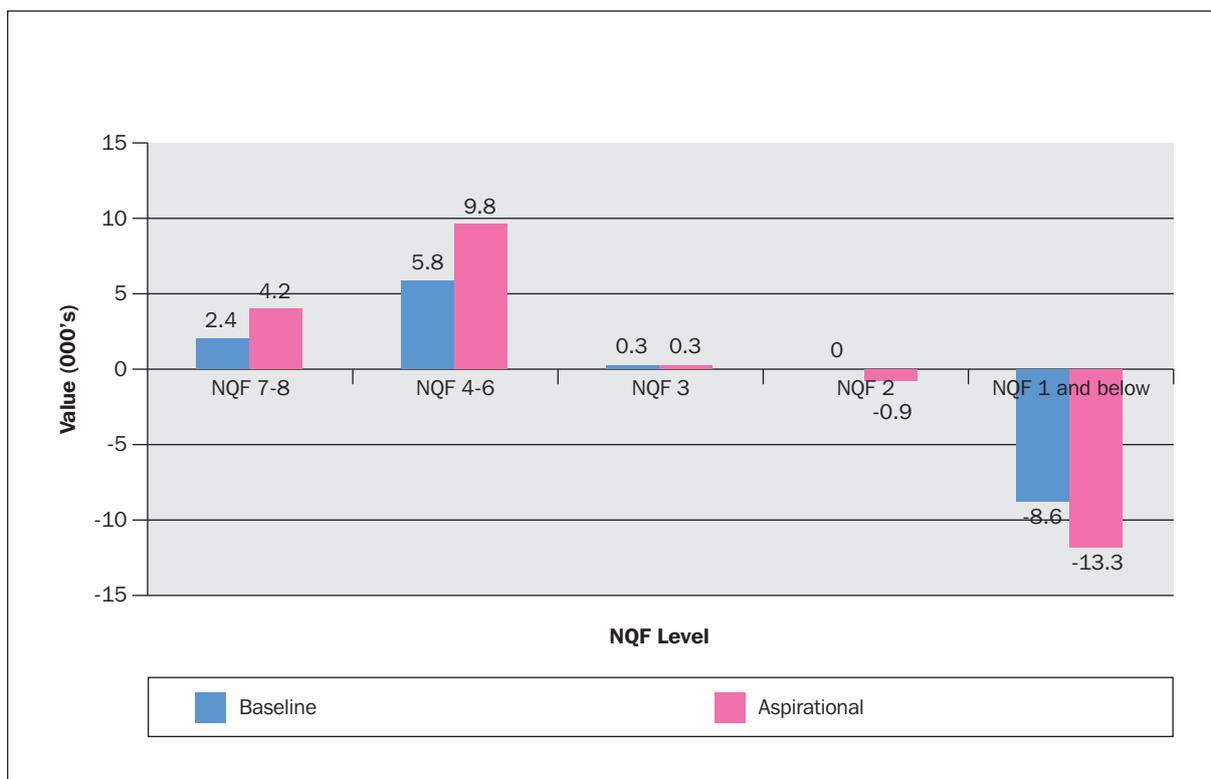
Figure 5.2: Net requirement from education and migration (aspirational scenario)

### 5.2.2 The need to up-skill the existing workforce

The skills of the people joining the workforce from education and in-migration will only meet approximately half of the demand for skills. We therefore need to look elsewhere to understand where these skilled workers can be obtained.

As over 75% of the 2020 workforce have already completed their compulsory school education<sup>32</sup>, the up-skilling of the existing workforce must be viewed as an important element of the changing workforce structure and an important theme for any new skills strategy.

32. Department for Employment and Learning Analytical Services using Northern Ireland population estimates from Northern Ireland Statistics and Research Agency



**Figure 5.3: Up-skilling of existing workforce required**

From figure 5.3, using the aspirational scenario, we can see that on an annual basis, that there will be, firstly, a large increase in the number of people required to be up-skilled to Level 4-8 (14,000 people), where historically this compares to 5,400 people and, secondly, a decrease (-13,000) in the need for Level 1 skills. With this in mind, it is important that we consider practical ways to encourage those people already in employment to study for Level 4-8 qualifications.

### **5.2.3 The need to reduce sectoral imbalances**

In order to achieve the maximum economic benefit from increasing the skills of the population, it is important that we focus our efforts on certain sectors with a view to addressing current and future sectoral imbalances.

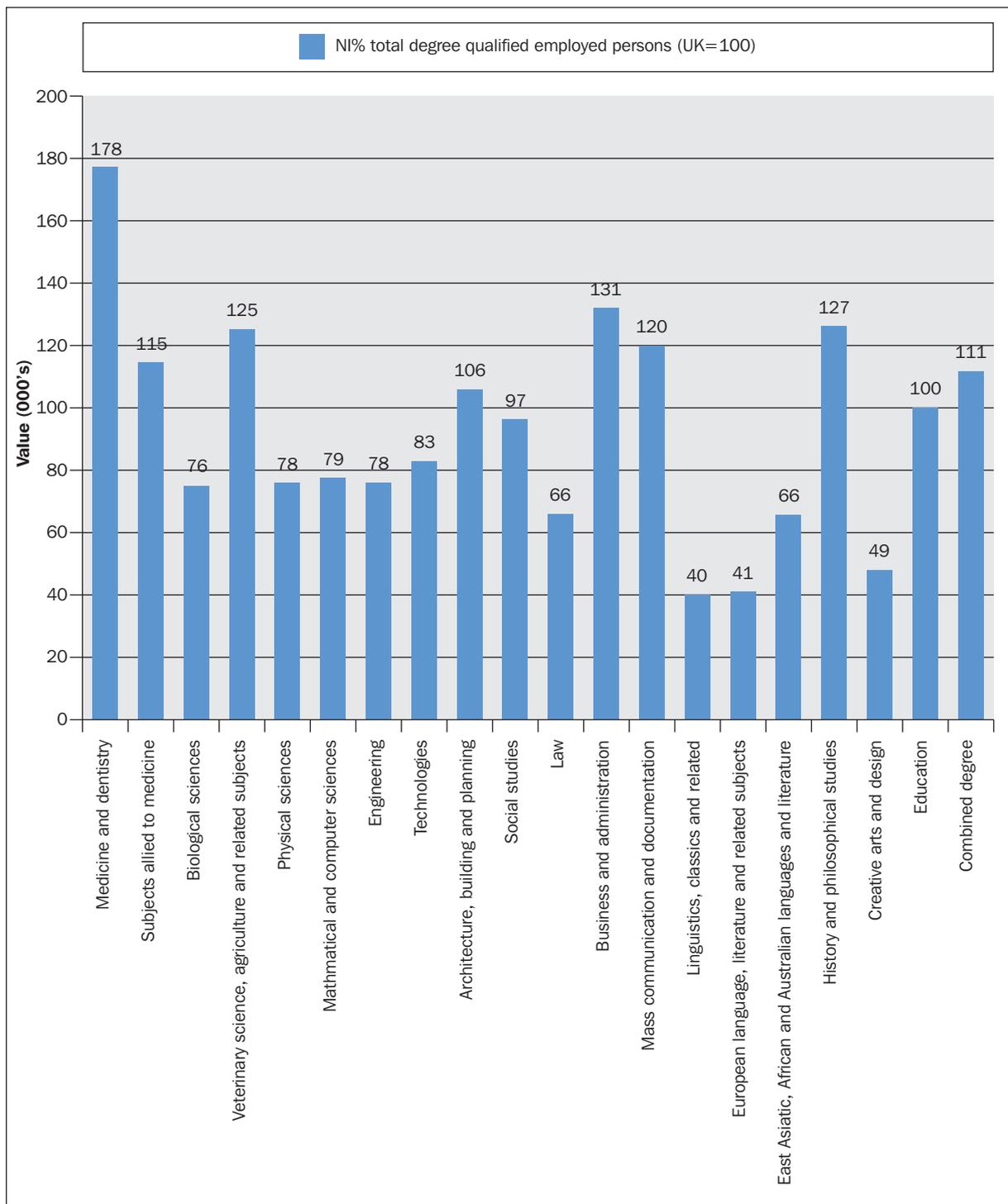


Figure 5.4: Degree subject relativities

Figure 5.4 shows that Northern Ireland currently has an above average (compared to UK as a whole) concentration of people in employment with degrees in:

- medicine and dentistry;
- subjects allied to medicine;
- veterinary science, agriculture and related subjects;
- architecture, building and planning;
- business and administration<sup>33</sup>;
- mass communication and documentation;
- history and philosophical studies; and
- combined degrees.

The degree data suggests that the pool of graduates within the Northern Ireland workforce has a rather 'narrow' unspecialised subject focus with a below average number of graduates in 'creative arts and design' and STEM subjects.

This is of concern as figure 5.5, which is based on the Higher Education Statistics Agency information, shows that Oxford Economics forecast that, relative to recent trends, the degree subject requirement will become more skewed towards:

- physical sciences;
- mathematical and computer science;
- engineering and technology;
- law; and
- creative arts and design<sup>34</sup>.

Whilst 'subjects allied to medicine' and 'education' will require fewer graduates.

This view is supported by the Report of the STEM Review which noted how our future economy will increasingly depend upon the STEM skills and knowledge of our people and identified the falling numbers of the young people choosing to study these subjects in Northern Ireland's schools, further education colleges and universities as a major obstacle to overcome.

33. Includes a range of subjects such as business studies, management, accountancy and hospitality

34. As noted in the Oxford Economics report, there is a recognised need for creative design disciplines to increasingly work with other sectors, such as engineering, to produce innovative solutions that lead to wealth creation. These people can be known as 'imagineers'

### Strategic goal 4:

Increase the numbers qualifying from Northern Ireland Higher Education Institutions with graduate and post graduate level courses in STEM subjects (with an emphasis on physical and biological sciences, mathematical and computer science, engineering and technology) by 25 - 30% in 2020.\* (See page 28).

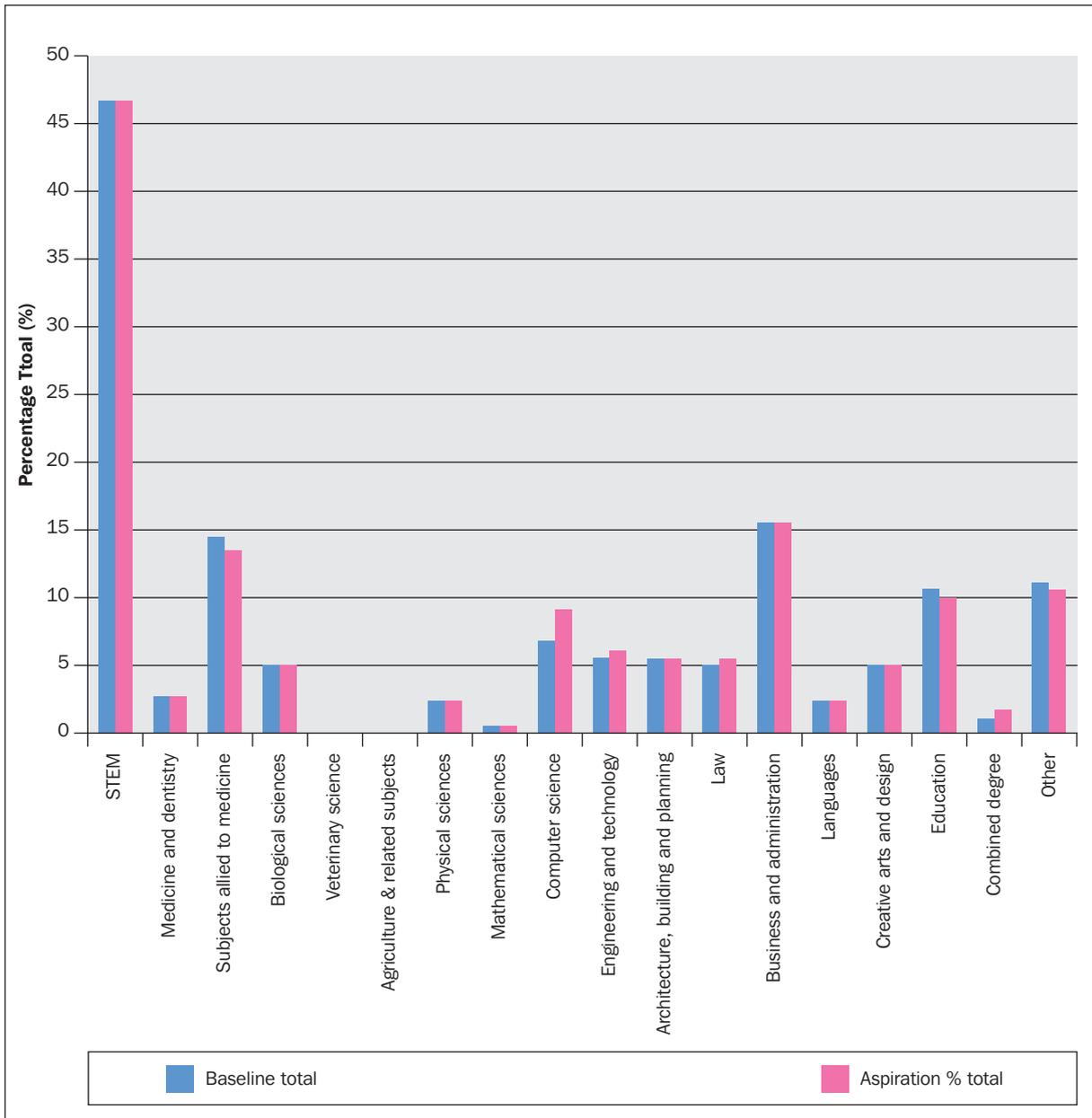


Figure 5.5: Net requirement from education and migration - degree subjects (2010-2020 annual average)

### 5.2.4 The need to increase management and leadership skills

Oxford Economics research and the ‘Management Matters’ report<sup>35</sup> suggest a significant managerial weakness in the occupation structure of the Northern Ireland economy. This shortage is a likely function of the type of activity carried out in the region and the limited amount of headquarter type functions carried out in the region’s firms. As Oxford Economics notes “many of the industrial and indeed professional services activities are not at headquarter or design and strategy end of the spectrum and thus demand for managerial and professional occupations is lower.”

This is reflected in figure 5.6 which shows that Northern Ireland has the lowest number of managers and professionals in employment compared to the other UK regions.

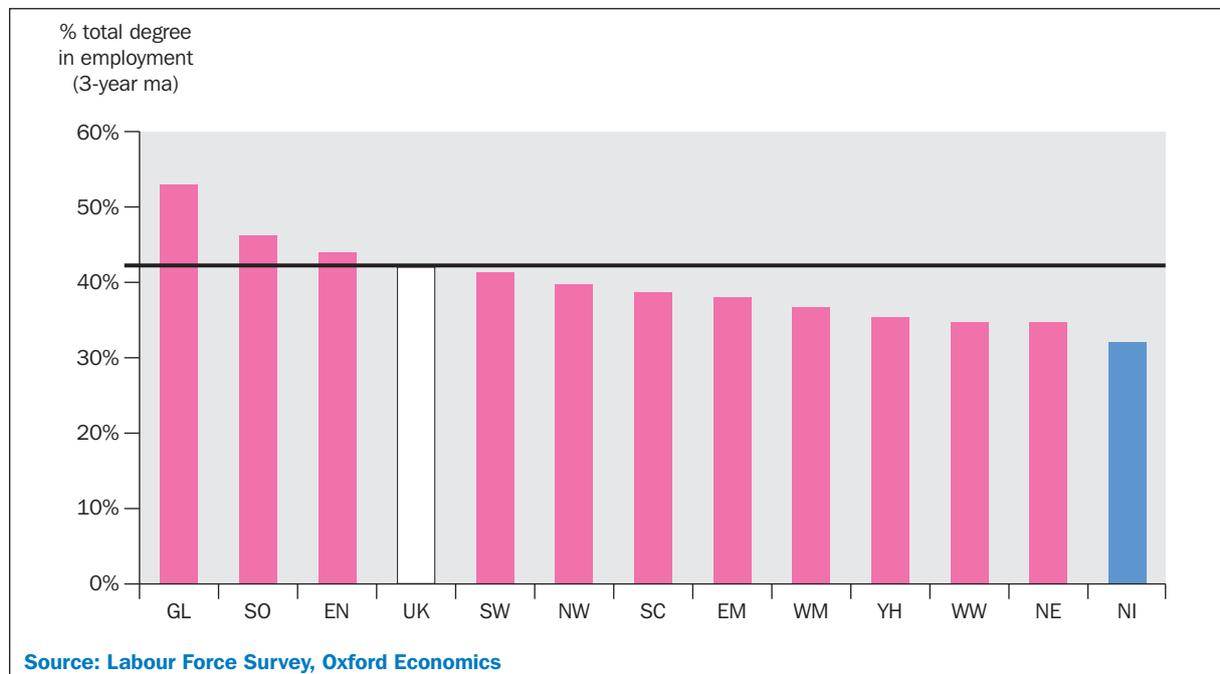


Figure 5.6: UK Regions - Managerial and professional occupation concentrations (2007)

Yet, as management skills have an important influence on how firms react to competition and new innovations, and on how physical investments and human capital are employed, their importance, at all levels, to the future development of the Northern Ireland economy cannot be overstated.

Improving management practices is a highly efficient way for firms to leverage their existing labour and capital<sup>36</sup>. The potential impact on national economies of improving management practices is large. Globally, the research indicates that when management practices are rated on a scale from 1 to 5, a 1 point increase in management practices is associated with an increase in industrial output equivalent to that produced by a 25% increase in labour or a 65% increase in capital.

35. ‘Management Matters in Northern Ireland and Republic of Ireland’, March 2009

36. ‘Management Matters in Northern Ireland and Republic of Ireland’, March 2009

Analysis shows<sup>37</sup> that management practice scores are closely correlated with a range of corporate performance metrics, including labour productivity, sales growth and return on capital employed.

The Independent Review of Economic Policy<sup>38</sup> also recognised the importance of management and leadership skills and made recommendations. In her response, the Minister for Enterprise, Trade and Investment said, “The two organisations (the Department for Employment and Learning and Invest Northern Ireland) are collaborating in the development of an integrated framework for management and leadership to improve support in this important area”.

Management skills also have important implications in terms of skills utilisation. It is not enough that Northern Ireland has a workforce with the right skills - these skills need to be effectively utilised to ensure that they affect productivity. As noted in ‘Skills for Scotland’, “simply adding more skills to the workforce will not secure the full benefit for our economy unless employers and individuals maximise the benefits that they can derive from these skills”<sup>39</sup>. Leitch also comments that “skills must be effectively used for their benefits to be fully realised”.<sup>40</sup>

Figure 5.7 shows that as many as 40% of our workforce will need to be employed as managers and professionals in 2020 – an increase of 6% from 2005.

37. ‘Management Matters in Northern Ireland and Republic of Ireland’, March 2009

38. ‘Independent Review of Economic Policy Report, September 2009

39. ‘Skills for Scotland: A Lifelong Skills Strategy’, September 2007

40. ‘Leitch Review of Skills, Prosperity for all in the Global Economy – World Class Skills’, December 2006

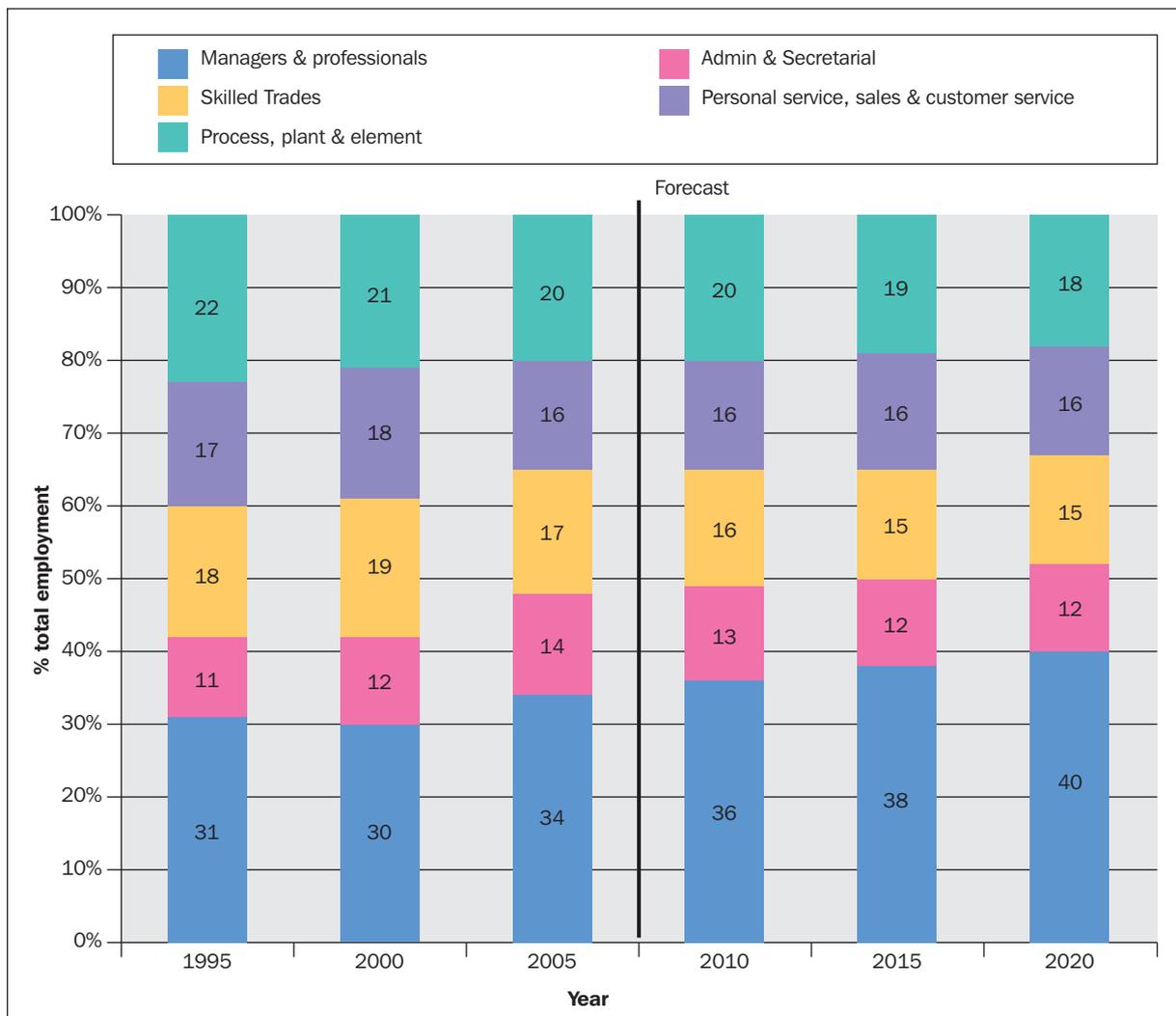


Figure 5.7: Trend in occupations (aspirational scenario)

### 5.2.5 The need to attract skilled people to Northern Ireland

Historically the Northern Ireland workforce has been reduced by significant levels of out-migration of skilled people as many people chose to study and secure employment outside the region. Yet in the last number of years, these flows have been reduced and even reversed, thanks, in part, to political stability in the region.

In addition to reducing the out-migration of Northern Ireland residents, Northern Ireland has been successful in attracting a number of migrants in the last number of years. In the two years post-accession Northern Ireland moved from almost no net in-migration to considerable in-migration, running at around 10,000 per year. Whilst no direct data is available, data published by Northern Ireland Statistics and Research Agency on health cards suggests that more than half of the inflows were from A8 countries. More recently, the number of migrants has dropped and it is suspected that this has been a result of a decrease in employment opportunities and the unfavourable Euro/Sterling conversion rate. Whilst in-

migration is forecast to fall from the levels experienced in the last decade, there is expected to remain a moderate level of working age migrant inflows.

Aiming to attract highly skilled people to Northern Ireland to help boost the skills of the region is a view supported by Sir David Varney in his Review of Competitiveness of Northern Ireland, which recommended that Northern Ireland should focus on attracting students and graduates with appropriate skills from outside Northern Ireland.

Typically over a quarter<sup>41</sup> of Northern Ireland domiciled students leave each year for higher education in Great Britain. Recent research evidence<sup>42</sup> would show however that the bulk of those who leave Northern Ireland for higher education are those who want to leave, i.e. they are known as determined leavers. Data on employment destinations show that the majority (63% in 2007/08) of those graduates<sup>43</sup> who go away do not return to Northern Ireland for employment. These proportions are broadly similar for postgraduates. Therefore, there is a significant pool of labour, with links to Northern Ireland, who have studied and worked elsewhere and who might be encouraged to return and deploy their skills and experience locally.

Work has already been taken forward in this area under the banner of the Department's 'C'Mon Over' campaign, initiated in late 2007. The campaign targets highly skilled people, currently working or studying outside Northern Ireland, to fill skills shortages in the region and is based on actual local vacancies.

However, it is important to note that although there may be an active pool of highly skilled labour available within Great Britain and Republic of Ireland that could be utilised if there was greater value added growth in Northern Ireland, there is currently a limited need for these people within the labour market. Consequently, to attract these people there needs to be high value, highly paid jobs.

As Varney remarked, the challenge at the higher end of the skills spectrum is ensuring that there are "opportunities and incentives to encourage the most gifted young people to stay" and also to entice those who have already emigrated to return and bring with them valuable experience gained elsewhere.

41. Figures for students in this context relate to full-time, first year, undergraduates enrolled at a UK HEI and was 31% in 2008/09. Source: Higher Education Statistics Agency

42. The Department published research in June 2008 which provided a contemporary position into participation in HE in Northern Ireland. Specifically the research identified the factors associated with the decision making processes of school pupils in relation to seeking entry to HE. The full research report can be found at [www.delni.gov.uk/index/publications/r-and-s-stats/research-reports-2/afterschool.htm](http://www.delni.gov.uk/index/publications/r-and-s-stats/research-reports-2/afterschool.htm)

43. Figures for this cohort relate to full-time, undergraduate qualifiers in 2007/08 who completed the Destination of Leavers from Higher Education (DLHE) survey. The DLHE is completed approximately six months after qualification. The figures are based on those students whose location of employment was known. Source: Higher Education Statistics Agency

## Overview of chapter

In order to meet our strategic goals, the following areas have been identified for action:

**The need for higher-level skills:** There will be an increasing need for people with higher level skills within the workforce. At the moment forecasts predict that degree subject requirements will become more skewed towards physical sciences, mathematical and computer sciences, engineering and technology, law and creative arts and design ('imagineers' rather than pure art) and less skewed towards subjects allied to medicine and education. This increasingly 'skills hungry' job market will have an impact right across the skills spectrum; as those with Level 4 qualifications need to increase their skills to gain Level 5, so those at Level 3 will be required to fill the gap at Level 4 and so on.

**The need to up-skill:** As over 75% of the 2020 workforce have already completed their compulsory school education, there must be a **renewed and intense focus on the up-skilling or re-skilling of these people**. As a result, employers will need to be encouraged to see the wider skills agenda and encourage their staff to gain more knowledge through training. In doing this, it is important that employers use qualifications that are on the new Qualifications and Credit Framework. In this way, employers can be sure that their training is based on national occupational standards that have been developed for their sector, and that their employees work towards qualifications that are recognised by employers and education establishments across the UK and further afield. To permit the Department to prioritise this work, the need for basic numeracy and literacy interventions must be significantly decreased through the work being taken forward by the Department of Education under their 'Every School a Good School' policy and the work of the Education and Skills Authority. The Department of Education has publicly stated that it wishes to increase the figure of those students attaining a Level 2 of five GCSEs A\*-C by 2020 from 55% to 70%.

**The need to reduce sectoral imbalances:** There will be an increased need for people with qualifications in STEM (excluding subjects allied to medicine) at all levels. The recently published 'Report of the STEM Review' examines ways in which we can increase the number of people with STEM qualifications and the recommendations which fall to the Department for Employment and Learning will be addressed through this Strategy.

**The need to increase management and leadership skills:** It is not enough, though, to have a workforce with the right skills – that workforce needs to be effectively utilised and this is where good management and leadership at all levels play a vital role. Northern Ireland has the lowest managerial and professional levels within the UK.

**The need to attract skilled people to Northern Ireland:** For the workforce to grow to the desired levels, a certain amount of in-migration of suitably skilled people will be required. In order to attract these highly mobile skilled people to Northern Ireland the region must offer attractive lifestyle and employment opportunities.

## 6. PROGRESS TO DATE

Since its launch in November 2004, the Skills Strategy and the subsequent Implementation Plan have informed the development of skills across Northern Ireland.

In order to achieve the established strategic targets, the Strategy identified five areas for action:

- the need to raise the profile of the demand side;
- the need to improve the relevance, coherence, response and quality of current provision;
- the need to promote the acquisition of skills;
- the need to improve access to skills and sustainable employment; and
- the need to change the infrastructure.

These were then used to inform the Implementation Plan, which consisted of sixteen individual projects, covering a broad spectrum of not only the Department for Employment and Learning's remit (skills, further education, essential skills, higher education and the employment service) but also that of the Department of Education.

A detailed examination of the 16 projects that made up the first phase of the implementation of Success through Skills, and their outcomes, can be found in Annex A.

### 6.1 The skills delivery infrastructure

The main outcome of the first implementation phase was a skills delivery system which is becoming increasingly flexible and better able to respond to the changing needs of individuals and employers.

The implementation of 'Further Education Means Business' has led to a greatly improved level of economic engagement from the six further education colleges although it is recognised that there is more to be done if the further education system's full potential is to be realised. All colleges have a business development unit which is tasked with providing the interface between employers and the college. Recently, the Department has contributed to this process by updating its guidance to colleges and allowed them to fund certain types of employer training through the Further Education Funding System where a priority need has been identified.

The Workforce Development Forum network is required to identify local skills needs. By providing a strong link into the local college it is hoped that the relationship between the demand and supply of skills will be further enhanced at a sub-regional level.

The Department for Employment and Learning has also recognised the need to move towards a more market-led, flexible and responsive delivery system so that it can respond more comprehensively to the likes of MATRIX and Foreign Direct Investment opportunities.

In response to the Independent Review on Economic Policy on 25 January 2010, the Minister for Enterprise, Trade and Investment said that “.....as part of the incentive to attract new investments and expansions in Northern Ireland, the Department for Employment and Learning and Invest Northern Ireland will take forward a pilot designed to offer an assured provision of a skilled workforce tailored to the specific needs of the companies based on a successful model of support in North Carolina. The details will be announced by the Employment and Learning Minister in the near future”.

While it has improved the individual products on offer to businesses, the range of programmes available by the Department can often be difficult for businesses to understand and access. Work has begun to identify an appropriate structure that will allow the Department to provide advice and guidance to individual businesses on the best option for them, including customised training solutions.

Underpinning all of this work is the emphasis placed on the quality of training provision. With increased involvement of the Education and Training Inspectorate in examining the provision paid for by the Department for Employment and Learning outside of statutory further education provision, as well as a dedicated Quality and Performance Monitoring team, the Department has ensured that not only are companies able to access the right type of training, but that it will be of the highest possible standard.

## **6.2 The skills profile of the workforce**

### **6.2.1 Level 2 qualifications goal**

Many employers have historically required five GCSEs at grades A\*-C, or equivalent Level 2 qualifications to meet their basic skills needs. Increasingly, this is the minimum platform of skills required for employment and business competitiveness and this is the measure used throughout this strategy when referring to people being ‘qualified at Level 2’.<sup>46</sup> Leitch stated that, “everyone should have a good grounding of basic skills and the wider platform of skills for employability represented by Level 2.”<sup>47</sup> Level 2 can provide an effective platform from which people can progress. The Education and Training Inspectorate reports that, when learners gain Level 2 qualifications and develop skills in literacy and numeracy they are much more likely to continue their learning, and, thereby, to achieve higher value added employment.<sup>48</sup>

In 2008, an average of 65.6% of the working age population were qualified at Level 2 or above<sup>49</sup>.

Whilst the number of people qualified at Level 2 qualification can be seen to be rising in figure 6.1, it is clear that the interim target of 75% by 2007 has not been met and that in order to achieve the 2015 target of 80% much more work needs to be done.

46. This usage is consistent with the approach taken by Leitch and is the threshold the Department uses in relation to its Public Service Agreement targets

47. ‘Leitch Review of Skills, Prosperity for all in the Global Economy – World Class Skills,’ December 2006

48. ‘Skills Strategy for Northern Ireland’, November 2004

49. Labour Force Survey

However, in many ways this is at odds with the fact that the Department has increased the number of people gaining qualifications through the Apprenticeship scheme, Essential Skills training, further education courses and company based up-skilling.

There are a number of factors which may impact negatively on this target, namely:

- the flow of skilled people out of Northern Ireland;
- the fact that some Level 2 qualifications are not the first Level 2 qualifications that these people have achieved; and
- that an Essential Skills qualification, whilst at Level 2, is not, on its own, equivalent to 5 GCSEs at A\*-C, or equivalent for the purposes of the Labour Force Survey.

The target also relies heavily on the output from compulsory education, which falls under the remit of the Department of Education. Too many young people are leaving school after 12 years of compulsory education without an appropriate level of skills and qualifications. The consequences of this are that the resources available for skills level training at Level 3 and beyond have to be used to provide basic foundation programmes.

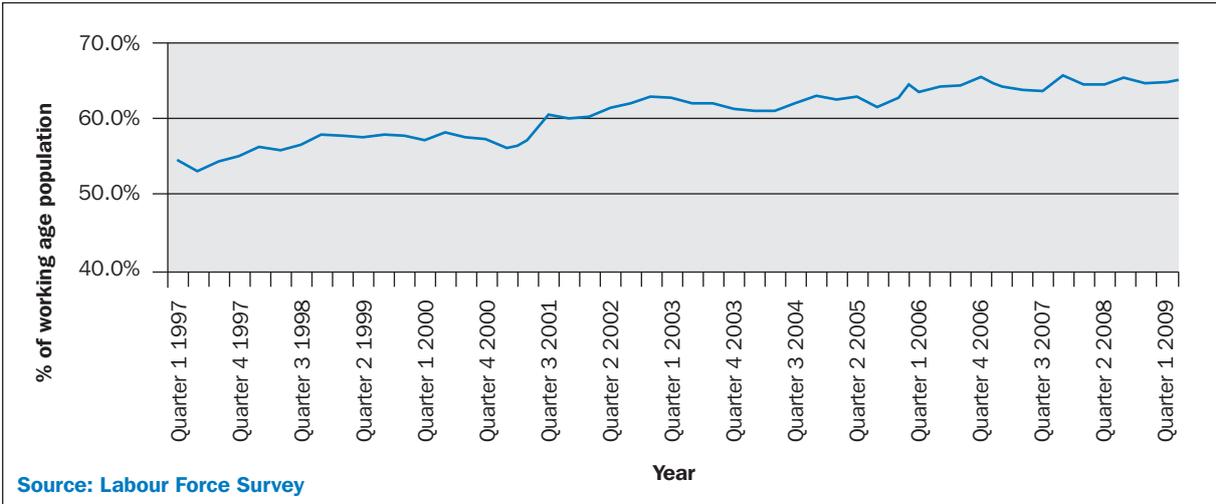


Figure 6.1: Percentage of the Northern Ireland working age population qualified to National Qualification Framework Level 2 and above: 1997 – 2008

### 6.2.2 Level 3 qualifications goal

Level 3 qualifications broadly equate to two or more A levels. People looking to progress to Level 3 will, on average, gain a larger private return than those studying at lower levels. They will also tend to have better job and pay prospects<sup>50</sup>.

In 2008, an average of 48.5% of the working age population had a National Qualifications Framework Level 3 or higher qualification<sup>51</sup> (figure 6.2).

50. 'Leitch Review of Skills, Prosperity for all in the Global Economy – World Class Skills', December 2006

51. Labour Force Survey

As with the Level 2 Strategic target, based on the current trajectory, it is unlikely that the 2015 target of 60% unless much more work is done.

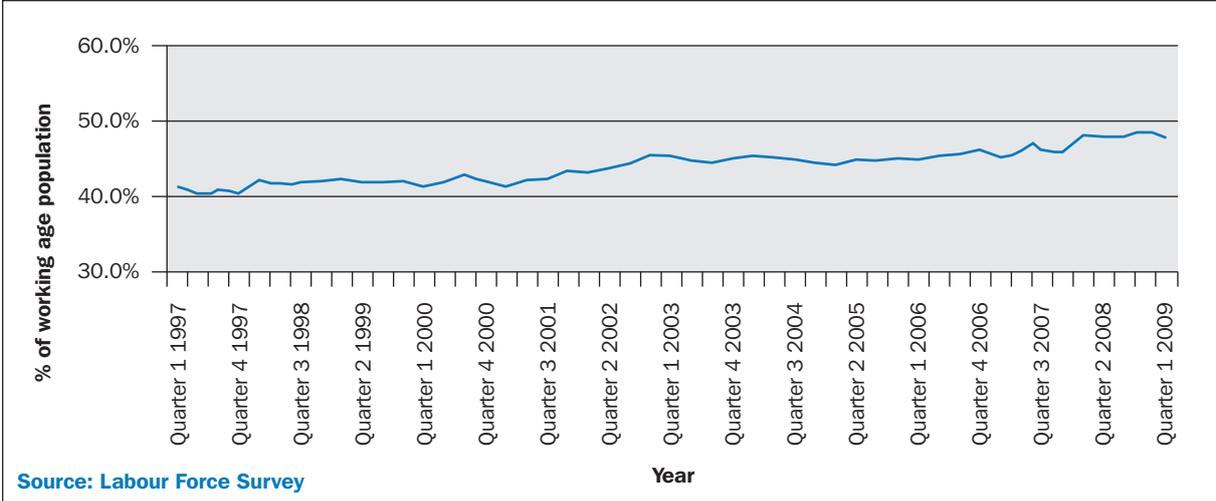


Figure 6.2: Percentage of the Northern Ireland working age population qualified to National Qualification Framework Level 3 and above: 1997 – 2008

**Overview of chapter**

Whilst the skills profile of Northern Ireland has been improving steadily over the last decade, doing no more than is currently being done (the baseline scenario) will not result in the skills profile necessary to achieve the productivity and skills targets set out in the Programme for Government. Put simply, more needs to be done, in addition to the work already being taken forward relating to the skills agenda in order to meet the strategic targets.

## 7. THE THEMES FOR ACTION

Using the underpinning evidence from the previous chapters the purpose of this chapter is to set out what actions the Department and its stakeholders will need to undertake to meet the vision and goals of the Strategy. Following the consultation process, the Department will set out in an Implementation Plan how it will undertake the actions highlighted. This Implementation Plan will include details on individual projects, costings, timelines and allocate who is responsible for the project delivery.

Improvements have been made to the skills profile of the workforce but much more needs to be done if Northern Ireland is to achieve the vision articulated in this Strategy and to help the Northern Ireland economy compete globally.

The necessary actions broadly fall under five themes:

- Understanding the demand for skills;
- Improving the quality and relevance of education and training;
- Improving productivity by increasing the skill levels of the workforce;
- Tackling the skills barriers to employment and employability; and
- Engaging stakeholders.

**If these actions are implemented the Department believes that skills will make a significant contribution to growing a dynamic and innovative economy and help to build a fair and more prosperous society for all.**

### 7.1 Understanding the demand for skills

#### 7.1.1 Simplification of the demand side advisory infrastructure

The Department will work with the Northern Ireland Employment and Skills Adviser to simplify the current infrastructure, which will incorporate the Sector Skills Councils, the Workforce Development Forums, the Future Skills Action Groups and the new 'Skills Solutions' service.

The Department, through its Employer Contact and Skills Solutions Service, and working with the Northern Ireland Employment and Skills Advisory Group, the Workforce Development Forums and Sector Skills Councils will articulate employer demand and broker appropriate responses.

#### 7.1.2 Harnessing labour market information

One of the themes in the original 'Success through Skills' was 'Understanding the demand for skills' with a focus on improving the quality of information available on the current labour market. Much has been achieved including the production of local labour market factsheets and Careers Service Industry Factsheets. The work of the Success Through Skills 2 will be to ensure that the Labour Market Information is used effectively by employers, the unemployed, job changers, school leavers and careers teachers and advisers.

Labour Market Information will be gathered on each of the strategic targets in the Public Service Agreements updated regularly and published on the Department's website.

## **7.2 Improving the quality and relevance of education and training**

### **7.2.1 Reform of vocational qualifications**

The Department, in conjunction with the rest of the UK, will continue to implement the reform of vocational qualifications through the establishment of the Qualifications and Credit Framework.

The Department will develop policies to support the implementation and funding of the development of Sector Qualifications strategies outlined by each Sector Skills Council. These strategies will outline current and future learning qualifications needed by employers across all sectors.

### **7.2.2 Increase employer engagement in further and higher education**

Following publication of the Review of the Further Education Centres of Excellence the Department, working through an Excellence for Industry Implementation Working Group, will implement the review's recommendations through the introduction of a revised excellence model.

As part of the incentive to attract new investments and expansions in Northern Ireland, the Department and Invest Northern Ireland will take forward a pilot to offer assured provision of a skilled workforce tailored to the specific needs of companies based on a successful model of support in North Carolina. If successful, in Northern Ireland the model will be implemented through the Further and Higher Education sectors.

The Northern Ireland Employment and Skills Adviser will advise the Department on ways in which to encourage employers to offer appropriate work placements and particularly in STEM subjects, scholarships for students from universities and colleges.

The Department, through a new 'Skills Solutions' service, will promote skills training to employers.

## **7.3. Improving productivity by increasing the skill levels of the workforce**

### **7.3.1 Improve the skills profile through education/pre-employment training**

Building on the good progress made to date through the Vocational Enhancement Programme, the Department for Employment and Learning and the Department of Education will complete a strategy for 14-19 year olds. This will take full advantage of the implementation of the Entitlement Framework, the introduction from 2010 of the Qualifications and Credit Framework as the sole framework for accredited vocational qualifications, the area planning process already in place and the joint Careers Strategy to ensure that the most flexible and appropriate curriculum offering is available to this age group.

The all-age Careers Education, Information, Advice and Guidance strategy will continue to be implemented. To complement this an individual learner programme, linked to the individual student learner agreements in schools, for all 16-19 year olds will be introduced to ensure that every 16-19 year old entering a further education college is provided with a personalised programme of learning that would enable his/her career aspirations to be met in the most effective way. This programme of learning will include literacy and numeracy and wider key skills to meet individual learning needs.

The Programme-Led Apprenticeship for 16-19 year olds was introduced during the period of the economic downturn. This will be kept under review and, along with the wider Training for Success Programme, will be evaluated and reconfigured as appropriate.

Widening participation in higher education by students from groups which are currently under-represented, is one of the key goals. Until now this has been addressed through a range of specific funding mechanisms and a number of policy initiatives. The time has come to develop and implement a regional integrated strategy to widen participation.

The Department, working closely with industry, will continue to expand Foundation Degrees in key skill priority areas. The qualifications will integrate academic and work-related learning.

Through the theme on the economy in the Higher Education Strategy, currently being developed, more will be done to ensure that the qualifications offered at local universities match the needs of employers.

### **7.3.2 Improve the skills profile through up-skilling of those in the workplace**

The all-age Apprenticeship NI programme will continue to be promoted as the Department's flagship provision for professional and technical training at Levels 2 and 3 and will be refined so that it meets the needs of the employer and the needs of the experienced worker. It will also ensure that apprentices completing Level 3 qualifications can progress to higher level courses.

The Department will promote technician courses leading to qualifications at Level 4 including Foundation Degrees but with progression routes to honours and masters programmes.

The Qualifications and Credit Framework will be introduced with its unit based structure and will allow a more flexible and inclusive approach to be taken to learning and qualifications.

Building on existing work with Small and Medium Sized Enterprises (SMEs), there will be a renewed focus on provision leading directly to first time qualifications for part qualification at Levels 2 and 3 for employees.

Implement a "Skills Solutions Service" to provide, among others, information, advice and guidance to employers on the full range of programmes available from the Department and to create a customised offering where no existing product meets the needs of a business.

The requirement for literacy, numeracy and ICT skills at Level 2 to underpin all professional and technical programmes is well established. The flexibility introduced into the delivery of Essential Skills will continue and Essential Skills will continue to be free for the learners.

### **7.3.3 Increase skills in certain subject areas to reduce sectoral imbalances**

The Department for Employment and Learning will work with the Northern Ireland Employment and Skills Adviser to determine the priority qualification areas that will inform policy developments in relation to funding in further education, as well as customised projects.

In the context of the Higher Education Strategy, consideration will be given to how best higher education can contribute to the skills agenda, including the availability of part-time provision and ways to address imbalances in degree subject choices, especially STEM subjects.

In response to the Matrix report, the Department will support the further and higher education sectors to develop a skills model to support the implementation of Matrix.

The Department will work with the universities to establish a relationship capable of developing short term customised training for companies.

After consultation, the Department for Employment and Learning will implement the Government STEM Strategy in response to the independent 'Report of the STEM Review'.

### **7.3.4 Increase management and leadership skills**

In collaboration with the Department of Enterprise, Trade and Investment and Invest Northern Ireland, the Department will develop an integrated framework for management and leadership to improve support and advice to companies.

In light of changes made during 2009-10 the Department will introduce a new policy for management and leadership which will examine ways to encourage more employers, especially SMEs and micro businesses, to consider management and leadership training and development.

Universities and further education colleges will be encouraged to offer more specific training in management and leadership, rather than generalist business studies courses.

### **7.3.5 Recognise more training by companies**

Inherent within the UK wide Vocational Qualification Reform Programme of work, is the offer of support to employers that provide high quality training which does not currently lead to an accredited qualification in the National Qualifications Framework or the Qualifications and Credit Framework. As part of the development and population of the Qualifications and Credit Framework employers across the UK, including Northern Ireland, have received advice and support from the qualifications Regulatory Authorities, Awarding Bodies and the appropriate Sector Skills Council in relation to specific existing programmes of training through the Department's recognition of training in employment pilot programme. The aim of the programme is to support employers to identify if existing Qualifications and Credit Framework qualifications or units would meet their training needs. If no such qualification or unit exists, employers can then apply, through the normal accreditation process to have their training recognised through the development of a new qualification or unit. This approach will

benefit both employers, who will be assured that their provision is of a high quality and benchmarked against National Occupational Standards, and employees, who will gain qualifications that are recognised across the UK and beyond and can use them as a means of progression to higher levels and more highly-rewarded employment.

## **7.4. Tackling the skills barriers to employment and employability**

### **7.4.1 Assist individuals to address skills barriers to work and enable them to stay in work and progress up the skills ladder**

A range of provision including Pathways, Steps to Work and Progress to Work targets individual barriers to employment and encourages social inclusion. The Department will put in place a system, building on the Personal Adviser and Careers Adviser Services, to enable those moving into work from the unemployment register to continue to be trained and gain qualifications so that they not only retain employment but also move up the skills ladder.

### **7.4.2 Essential Skills**

From August 2008, the Essential Skills programme now includes the third essential skill of Information and Communications Technology. A lack of ICT and 'technology literacy' are now as great a barrier to social exclusion as a lack of literacy and numeracy skills. These qualifications give individuals an increased opportunity to access higher value added jobs, improve their quality of life and increase prosperity across our community.

### **7.4.3 Bridge to Employment**

In order to equip the unemployed and, in particular, the long-term unemployed, as well as those returning to the labour market with the skills necessary to compete for new employment opportunities on an equal basis with others, the Department will continue to support the Bridge to Employment programme. This will focus on pre-employment recruitment and training and provide customised skills training to meet the specific needs of employers.

## **7.5. Engaging the stakeholders**

### **7.5.1 Attracting skilled people to Northern Ireland**

In order to meet the skills demands of our employer stakeholders, where there are insufficient numbers of people with high level skills to take up employer opportunities within their organisation, a focused campaign will continue to encourage skilled people (including non domiciled Northern Ireland people) to consider Northern Ireland as a place to live and work. This will supplement the skills training at the higher levels through universities and colleges.

## **Overview of chapter**

This chapter details the themes for actions explaining what the Department is proposing to do not how it is done. They are grouped under the following five themes:

### **Understanding the demand for skills**

- Simplification of the demand side advisory infrastructure
- Harnessing labour market information

### **Improving the quality and relevance of education and training**

- Reform of vocational qualifications
- Increased employer engagement with further and higher education

### **Improving productivity by increasing the skill levels of the workforce**

- Improve the skills profile through education/pre employment training
- Improve the skills profile through up-skilling of those in the workplace
- Increase skills in certain subject areas to reduce sectoral imbalances
- Increase management and leadership skills at all levels
- Recognising those companies which invest in training

### **Tackling the skills barriers to employment and employability**

- Assist individuals to address skills barriers to work and enable them to stay in work and progress up the skills ladder
- Essential Skills
- Bridge to Employment

### **Engaging stakeholders**

- Attracting skilled people to Northern Ireland

## **8. STAKEHOLDERS AND THEIR ROLE**

If we are to achieve the Executive's much sought "dynamic and innovative" economy, then there is no doubt that more needs to be done to ensure Northern Ireland's workforce has the necessary skills. However, Government alone cannot achieve this aim.

An overriding factor that will determine the success or otherwise of this strategy in advancing the achievement of the relevant Public Service Agreement targets will be the extent to which it sets the policy agenda for the relevant stakeholders, including the Department for Employment and Learning. The requirement that 'more be done' is evident throughout the analysis contained in this review and the proposed actions. It is also recognised that the many strands of this review will have to compete for increasingly limited resources within the various policy areas. If the activity outlined in Chapter 7 is diluted through lack of resource or competing pressures, the achievement of the challenging targets becomes instantly less likely.

As such, this strategy seeks commitment from stakeholders to place the relevant actions that will be included in the forthcoming Implementation Plan at the forefront of their own business activity.

Ultimately only companies themselves can achieve and sustain competitive advantage through innovation, whether this is in the development of new products, using new technologies or by utilising human resources and skills in a more productive manner. However, whilst Government itself cannot create business competitiveness, it can ensure that the infrastructure is in place to train people, with the skills necessary, to facilitate this innovation.

The success of the much mentioned 'demand-led' system depends on whose demands it is set up to meet. Of course, employers have a key role to play here in terms of identifying their company's skills need, both now and in the future. However, practically many find this 'future look' difficult. As a result, Government, and in particular, the Department of Enterprise, Trade and Investment and the Department for Employment and Learning, also have a role to play in terms of identifying future workforce skill requirements based on long term opportunities, including those presented by Foreign Direct Investment, for Northern Ireland.

This chapter examines the roles of the three main groups of stakeholders.

### **8.1 The role of Government**

The Department considers its role to be centred on providing the opportunities for individuals to be trained in the current and future skills sought after by business.

Through the current Programme for Government, the Department for Employment and Learning is in the lead in terms of increasing the skills levels of the workforce with a view to matching the supply of skills to the current and future demand articulated by employers. This Strategy, and the subsequent Implementation Plan, can be viewed as the Department for Employment and Learning's strategy for contributing to the delivering of Public Service Agreement 2.

Since the launch of the draft Skills Strategy, Northern Ireland's further education colleges and universities have increasingly worked with employers to better reflect the economy's needs within the curriculum of their courses. This 'supply side' is now well placed to play its vital role in the skills agenda.

Under the 'Young Person's Guarantee', the Department guarantees a training place for those young people in the 16 and 17 year old age group. However, it is important to note that the Department of Education has a crucial role to play in helping to deliver skills targets through the flow of young people into the workforce. Furthermore, the Department of Enterprise, Trade and Investment, is another key collaborator in terms of ascertaining the future demand for skills through economic forecasting, taking into account the potential growth of indigenous businesses and new Foreign Direct Investment.

The Department for Employment and Learning has lead responsibility in Northern Ireland for the UK wide Vocational Qualification Reform Programme. The overall aim of this major reform is to create a vocational qualifications system that responds to the skills needs of learners, employers and the economy. At the heart of the new vocational qualification system is the Qualifications and Credit Framework, which includes qualifications that are made up of units, 'bite-sized chunks of learning', which accords learners the flexibility to build up and achieve a full qualification over time. In addition, Sector Skills Councils, have been given a key role in identifying the qualifications required by employers in their sectors. They do this through the Sector Qualifications Strategies, and associated Action Plans that they produce. Sector Skills Councils also have an approval role that ensures that the content of qualifications that are placed on the Qualifications and Credit Framework meet employers' needs.

As part of the implementation phase of the UK wide Vocational Qualification Reform Programme, the Department is currently undertaking policy development work in relation to the Qualifications and Credit Framework, and, the recently developed Sector Qualification Strategies, produced by the Sector Skills Councils. A key aspect of this policy development area will be the extent to which Government will require Sector Skills Councils, not only to approve qualifications that are 'fit for purpose' and meet employer needs, but also to identify priority qualifications for each Sector Skills Council "footprint", by both level and occupational area. The Department will further require each Sector Skills Council to articulate this 'priority qualification' process, specifically in the Northern Ireland context through their Sector Qualifications Strategies and Northern Ireland Action Plans. This approach mirrors the longer-term vision of the UK wide Vocational Qualification Reform Programme to increase the skills of the workforce in order to make the UK a world leader on skills.

Building on the above process the Department will assess the extent to which it would wish to use Sector Qualification Strategies, with particular emphasis on the Northern Ireland Action Plans, as a key component of a new process to inform policy and funding on Priority Skill Areas. The Department will also consider if this process, involving the Sector Skills Councils and their Sector Qualification Strategies, should also be used to align funding with priority vocational qualifications, as identified by Sector Skills Councils, which may lead to the incremental withdrawal of public funding from qualifications that employers, through

sector organisations, do not support. This approach would also inform any policy development on the identification of 'sub regional' priority skill areas as outlined in the Department's first Skills Strategy, and in 'Further Education Means Business', the strategy for further education in Northern Ireland.

The outcomes of this work will inform the Department's position on the funding of various types and levels of qualifications in going forward. It is likely that the Department will focus much more of its skills budget on areas that can make a demonstrable difference to the skills needed to drive growth and jobs.

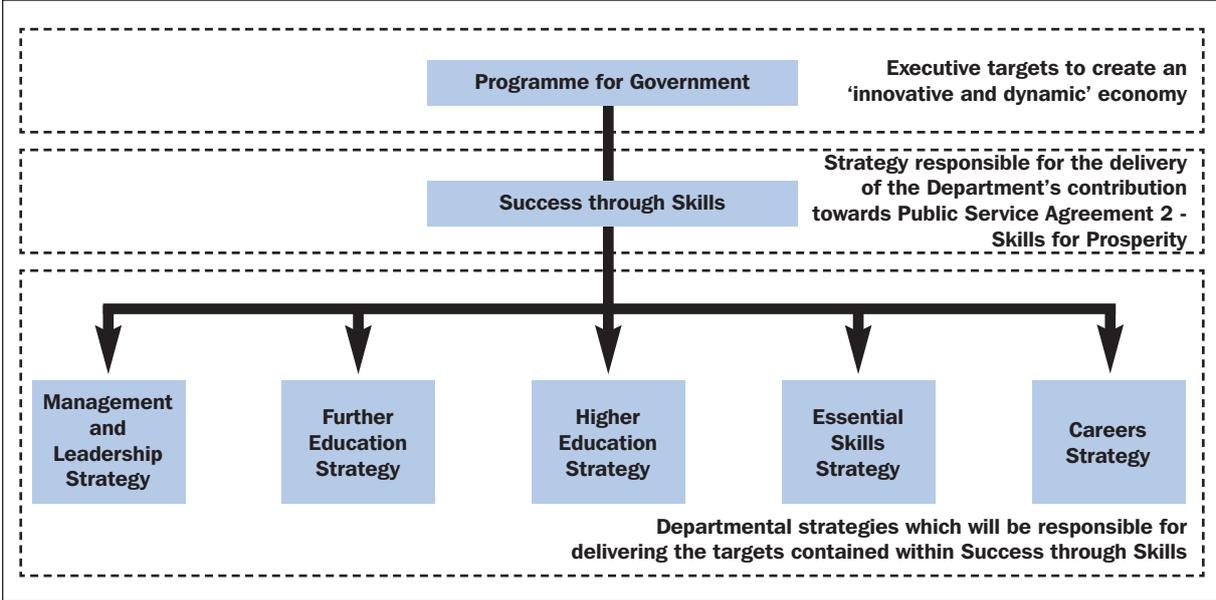


Figure 8.1 Department for Employment and Learning's Public Service Agreement 2 delivery structure

### 8.2 The role of the employer

In order for Government and the supply side to train people with the skills needed by local employers, employers must aim to more effectively articulate the skills they need, both for now and the future. This is often a difficult art as the needs of the companies are based on future, possibility unforeseen, opportunities and other outside influences. However, this information, in conjunction with Labour Market Information and forecasting exercises, is important in assisting the supply side to determine the courses required. However, one significant development in this area has been the enhanced role of the Sector Skills Councils as articulated in the context of the wider UK wide Vocational Qualification Reform Programme. One of the key out-workings of these developments, is that employers (through their Sector Skills Councils) will have a greater role to play in determining priority qualifications for their sector. This process also allows Government to assess these priorities when considering issues such as who and what should receive public funding.

However, education or 'pre-employment' training is only part of the story. Due to the high number of the 2020 workforce who are already past compulsory school age, a high level of 'up-skilling' of existing employees, in key areas, will be required if Northern Ireland is to have the future workforce it needs.

Employers will therefore have a key role to play – both in terms of providing suitable training for their staff, being flexible in order to let staff pursue training opportunities both directly and non-directly related to their current employment and in better utilising the skills of their employees. For the former, it would be envisaged that the employer would contribute financially to the training associated with the qualification as they will also benefit. The introduction of the flexible, unit based approach within the Qualifications and Credit Framework, will help employers to up-skill their staff in a flexible way. Employers will also be confident that the qualifications, or units of qualifications, being followed by their employees will be relevant to their workplace. Therefore, employers will be expected, where possible, to up-skill their staff using qualifications that are on the Qualifications and Credit Framework. It is also important that they increasingly understand the longer term benefits of employing Apprentices, graduate interns and graduates.

It is encouraging to see that the importance of training, and how it has a direct impact on profit, is now better understood by employers. During the current recession it had been feared that employers would cut back on their training with a view to cutting costs. However, this has not been borne out as expected. The recent 'CBI Education and Skills survey 2009'<sup>52</sup> showed that whilst the type of training employees undertook in this period changed, employers were equally, if not more so, committed to training.

### **8.3 The role of the individual**

Evidence shows that qualifications at all levels lead to greater returns, in terms of salaries and wages, for individuals. For example, for the UK, the rate of return to a Level 1 qualifications was negligible, while rates of return were around 13-14% for both Level 2 and 3 and rose to 25-33% for Level 4 and 5 qualifications.

If we view the process of improving qualifications in terms of a Skills Ladder, then a Level 2 qualification can be viewed as the first rung of the ladder, helping people to climb higher. The Department therefore remains committed to providing a first free Level 2 qualification for all.

Once an individual starts to gain new qualifications above this level, they can be seen to substantially increase their personal return. For this reason, the Department feels that it is appropriate that the individual should increasingly contribute towards the training costs of these higher level qualifications, on an incremental basis. For example, an individual should contribute more towards them gaining a Level 5 qualification than a Level 3 qualification.

The Department in conjunction with its stakeholders (employers, providers of education and training and individuals) will bring forward proposals setting out clearly the respective contributions to be made by employers and the individual Government Departments to education and training, including what funding is available.

52. CBI: 'Emerging stronger: the value of education and skills in turbulent times, Education and Skills Survey 2009', Nord Anglia Education Ltd

## **Overview of chapter**

In order for the Strategy to be implemented and achieve its goals and targets, all key stakeholders must consider the role that they should play.

The Department considers its role to be centred on providing the opportunities for individuals to be trained in the current and future skills sought after by business. However, in order to have a workforce with the skills required, other Departments must contribute to the skills targets contained within this strategy. The Department of Education and the Department of Enterprise, Trade and Investment are considered key partners if Public Service Agreement 2 is to be successfully delivered.

Employers have a key role to play – both in terms of providing suitable training for their staff and being flexible in order to let staff pursue training opportunities both directly and non-directly related to their current employment. For the former, it would be envisaged that the employer would contribute financially to the training associated with the qualification.

Evidence shows that qualifications at all levels lead to greater returns, in terms of salaries and wages, for individuals. For this reason, the Department feels that it is appropriate that the individual should increasingly contribute towards the training costs of these higher level qualifications, on an incremental basis. For example, an individual should contribute more towards them gaining a Level 5 qualification than a Level 3 qualification.

Where possible, all training should be based on qualifications, or units of qualifications, that are on the new Qualifications and Credit Framework.

## ANNEX A - PROGRESS OF PROJECTS

### Theme 1: Understanding the demand for skills

This theme groups together those activities that involve engagement with employers and others to forecast future skill requirements in order to inform planning and funding of post 16 education and training.

#### 1.1 Labour Market Information project

**Aim:** To assess and, where appropriate, seek ways to improve the quality of information available on the current labour market.

**Background:** Accurate and meaningful Labour Market Information is crucial in the formulation of a skills policy which is based on the skills needs of employers. It also has an important role to play in informing individuals when they are making career decisions: from which subjects to study at school to current employment opportunities.

**Applicable targets:** Produce an action plan by September 2006.

**Outcome:** As part of an initial research phase, the Department, working in collaboration with the National Centre for Education on the Economy based in Washington DC, and relevant bodies in North Carolina, was able to find out first hand how one of the most highly accredited Labour Market Information systems in the United States functions.

Initial research concluded that there is a wide range of Labour Market Information available in Northern Ireland and that there is evidence of extensive 'good practice', especially on the use of this information in shaping policy and service delivery. However, it was felt that more could be done to improve the use of Labour Market Information to help individuals make more informed choices about which careers to pursue and the education and training routes to follow.

A review of Labour Market Information, which includes detail on how the review recommendations will be implemented, was subsequently published in February 2008. Since publication of the review a number of key projects have been developed which are tailored to meet the needs of specific customer groups. These include:

- **Workforce Development Forum Labour Market Profiles.** A comprehensive suite of labour market profiles to underpin each Workforce Development Forum has been developed. The first set of profiles were published in December 2008 and updated in June 2009.
- **Local Labour Market Factsheets.** A set of two page reports, designed in consultation with the Employment Service to assist its staff and clients understand the local labour market, were published in June 2009.
- **Careers Service Industry Factsheets.** In consultation with both the Careers Service and the Sector Skills Councils, industry factsheets were published in July 2009.

## 1.2 Regional employment and skills action plan project

**Aim:** To establish a Skills Expert Group (through a reconfiguring of the Northern Ireland Skills Taskforce) at a regional level and the development of six employer-led sub-regional Workforce Development Forums which will be co-terminous with the six new area based colleges.

**Background:** The Skills Strategy for Northern Ireland, 'Success through Skills', recommended a move towards a demand led skills policy. An effective infrastructure therefore needed to be put in place to allow employers to effectively articulate their skills needs at both a local and regional level. This knowledge would then be used to develop appropriate interventions where necessary.

Part way through this project, the Leitch Review of Skills was published in December 2005. Its proposal to create a UK Commission for Employment and Skills has added a new structure to an already crowded landscape. How this will be integrated into our existing structures will need to be considered. A Northern Ireland Employment and Skills Adviser will be appointed in October 2008. As well as chairing the revamped Employment and Skills Advisory Infrastructure they will represent Northern Ireland's interests on the UK Commission.

**Applicable targets:** To put in place a Regional Employment and Skills Action Plan by September 2007.

**Outcome:** The Skills Expert Group, which includes representatives from a wide range of stakeholder organisations, held its first meeting in February 2006. Its main areas of work to date have been to examine the priority growth sectors for the Northern Ireland economy, articulate the skills needs in those sectors and encourage the development of the Workforce Development Forums who are responsible for articulating the local need.

In 2006, two areas of particular economic significance, ICT and financial services, were identified by the Skills Expert Group. In order to maximise the opportunities in these sectors, two Future Skills Action Groups comprising all the relevant players, were established in 2007.

As a result of the workings of the ICT Future Skills Action Group a small project team was established and tasked with developing an action plan to address the immediate skills needs of the industry. This team was made up from representatives from the Department, Invest Northern Ireland, Momentum (the ICT Trade Federation) and e-Skills UK (the Sector Skills Council for IT & Telecoms) and was chaired by David Mawhinney – who also chairs the ICT Future Skills Action Group. The ICT Action Plan was launched in June 2008 and contains a range of short term measures to boost the number of people studying and working in the software industry which will complement a number of long term strategic programmes across the IT sector. Work on implementing the plan continues.

One specific intervention which the Department has developed is the Software Professional Course. This 35 week conversion course is open to graduates of any age from disciplines other than computer science. The course was developed by the Department in association

with Momentum and the Association of Northern Ireland colleges. It is free to participants who also receive a weekly training allowance of £120. To date over 150 students have completed this course.

### 1.3 Employers' skill needs analysis project

**Aim:** To provide a comprehensive analysis of skills demand and supply in the 25 sectors covered by Sector Skills Councils.

**Background:** The July 2003 White Paper '21st Century Skills: Realising Our Potential' identified the 25 UK wide Sector Skills Councils as the main route by which employers should articulate their skills demands. All the Sector Skills Councils have a remit in Northern Ireland. Their work has been phased in order to ensure the accuracy of the information they provide and one of their key tasks is to analyse the labour market needs for their sectors. This analysis forms the core part of their Sector Skills Agreement.

These agreements are essentially contracts between employers, their Sector Skills Councils and the providers/funders of education and training. They are designed to ensure that 'the skills the sector needs are the skills the sector gets,' and this will influence the shaping and supply of relevant educational and training provision as well as raising employers' commitment to skills.

**Applicable targets:** Sector Skills Agreements for 25 Sectors developed by December 2007.

**Outcome:** At 30 June 2008, 23 of the 25 Sector Skills Councils had achieved their full Sector Skills Agreement. The final agreement was in place by January 2009.

### 1.4 Skills for Innovation

**Aim:** This project will identify the skills needed to help deliver an innovative economy and will examine the role that the education and training sector plays in providing the right support.

**Background:** In the 'Economic Vision for Northern Ireland'<sup>1</sup>, 'innovation' was identified as one of four key drivers of economic productivity and is addressed through the Department of Enterprise, Trade and Investment led 'think|create|innovate - the Regional Innovation Strategy for Northern Ireland'<sup>2</sup>. The strategy aims to create a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate.

In scoping this project, it was important to ensure that any work undertaken fed into this strategy and did not repeat work previously carried out in this field. A background paper was therefore prepared examining the scope and definition of the Skills for Innovation project. This paper was discussed at the inaugural meeting of the Project Board in April 2007. It was highlighted at this meeting that currently many organisations in Northern Ireland are involved directly and indirectly in innovation and in order to ensure the project focuses on developing new work in this area the project has been redefined to study the 'Human Facilitators/Inhibitors to Innovation in NI Business'.

53. Economic Vision for Northern Ireland, Department of Enterprise, Trade and Investment, February 2005

54. think|create|innovate - the Regional Innovation Strategy for Northern Ireland, Department of Enterprise, Trade and Investment, June 2003

**Applicable targets:** Development of an action plan by September 2006.

**Outcome:** The delay in this project has been occasioned by the need to analyse the work carried out as part of the Regional Innovation Strategy, identification of an area suitable for intervention and the preparation of Terms of Reference to take the project forward.

A literature review on the Human Facilitators/Inhibitors to Innovation in Northern Ireland Business was issued for tender on 10 July 2008 and successfully awarded on the 11 August 2008. This review examined the relationships between skills, innovation and wealth creation and examined the human facilitators (and inhibitors) of innovation prevalent within industry in Northern Ireland.

The study examined global research in this area in the first instance as well as work in the European Union, United Kingdom and Ireland. This review was completed in 2008.

## Theme 2: Improving the skills levels of the workforce

This theme is about getting the basics right and focuses on individuals who are currently in employment or training and those about to join the workforce.

### 2.1 Essential Skills programme

**Aim:** To increase adult literacy, numeracy and ICT skills to enable adults to improve their overall quality of life, their personal development and their employment prospects.

**Background:** The 'Essential Skills Strategy', launched in October 2002, is designed to give adults in all areas of Northern Ireland the opportunity to increase their literacy and numeracy skills and thereby enhance their employment prospects. This is a critically important component of the Skills Strategy given that the evidence has shown that the lack of these essential skills have profound negative impacts on society at a number of levels.

This project will ensure that strategies and policies are in place to support learners to achieve an Essential Skills qualification and will complement work which the Department of Education is taking forward in schools to tackle these problem areas.

**Applicable targets:** By March 2010, 14,730 adult learners will have achieved a recognised qualification in the Essential Skills of Literacy, Numeracy and ICT.

**Outcome:** A range of qualifications are in place for Essential Skills in Literacy and Numeracy from entry level through to Level 2.

By March 2009, 53,669 people had achieved a recognised qualification in the Essential Skills of Literacy, Numeracy and ICT.

Combining the total number of essential skills qualifications into financial years indicates that 2008/2009 generated the most learners and qualifications out of all six financial years.

Following a successful pilot, ICT was introduced as the third essential skill from 1st August 2009. Evaluations of the pilot were carried out by the Education & Training Inspectorate in May 2008 and February 2009 and have concluded that the programme demonstrates important strengths in the education and training provision with strong commitment provided by management and staff across all the participating organisations. Since 2007, 590 learners have achieved an ICT Essential Skills qualification.

An interim study by Oxford Economics has just been commissioned to assess the impact the strategy has had to date on adult literacy levels within Northern Ireland. The Department is also committed to taking part in the next International Adult Literacy Survey 'The Programme for the International Assessment for Adult Competencies' (PIAAC) which will report in 2013.

Under the Department's current Public Service Agreement target, 42,000 adult learners will have achieved a recognised qualification in essential skills, including 4,000 Essential Skills ICT adult learners, by March 2011.

## 2.2 Careers Education, Information, Advice and Guidance

**Aims:** The overall aim of the strategy is to develop effective career decision makers leading to increased participation in education, training and employment. This will include:

- to develop the skills of young people at school to enable them to make informed and realistic decisions about their education, training and employment options;
- to provide young people with opportunities and experiences to develop the essential employability and life skills in order to become effective citizens and employees; and
- to set in place a framework to ensure people of all ages have access to good quality Careers Education, Information, Advice and Guidance.

**Background:** The purpose of the project is to produce an impartial, all-age strategy for careers education, information, advice and guidance based on up-to-date labour market information. It will be delivered in conjunction with the Department of Education and other key stakeholders.

**Applicable targets:** To publish a careers education, information, advice and guidance strategy by October 2006 which will improve and develop the quality and range of independent Careers Education, Information, Advice and Guidance available.

**Outcome:** The Department and the Department of Education agreed that a new strategy should be developed within the context of genuine stakeholder consultation and proposals based on detailed stakeholder involvement. A consultation document entitled 'Preparing for Success' was launched on 22 October 2007 and over 90 responses were received from a wide range of stakeholders including post primary schools, institutions of both further and higher education, employer forums and the voluntary and community sector. These responses were largely positive in nature but where the proposals were not fully endorsed, many organisations provided useful suggestions for improvement. The final strategy and Implementation Plan was launched by the the Department of Education and the Department for Employment and Learning Ministers at the end of January 2009 and implementation is underway.

## 2.3 Adult skills project

**Aims:** To develop mechanisms to up-skill adults who are in employment.

**Background:** Over 75% of the 2020 workforce has already completed their compulsory school education. It is therefore important that this section of the workforce is skilled to a level that will allow them to contribute positively to our future economy. How the Department facilitates the appropriate upskilling and retraining of these people is a core part of Success through Skills.

**Applicable targets:** Pilot Adult Skills Programme to commence September 2006.

**Outcome:** A pilot Adult Up-skilling programme commenced in September 2006 under the

Apprenticeship component of the Training for Success provision. The pilot was undertaken by three Training Organisations: Protocol Skills, Electrical Training Trust (ETT) and Blackwater House.

As a result of a review to determine how successful this pilot was, one of the changes that has been introduced to the Apprenticeship component of Training for Success (now re-named ApprenticeshipsNI) is that the age restriction will be removed and all-age apprenticeships become available from September 2008.

## 2.4 Management and leadership skills

**Aims:** The development and implementation of a Management and Leadership Strategy for Northern Ireland in partnership with Management and Leadership Network and other key stakeholders such as Invest Northern Ireland.

**Background:** This project focuses on the importance of good management and leadership skills for the future development of the Northern Ireland economy. In order for the region to develop as an internationally competitive, knowledge based economy it is essential that the skills necessary to support this growth are developed throughout the workforce. Partnership is the key. Government has a role to play but the acquisition of higher level skills is also the responsibility of both the employer and individual. Success is dependant on cooperation between Government, employers, individuals and social partners and all elements contributing to the shared vision of what we can achieve together.

**Applicable targets:** Management and Leadership Network - led draft Management and Leadership Strategy for Northern Ireland developed by June 2006.

**Outcome:** Building on the results from the consultation document 'Leading...the way', and additional consultation work conducted across all sectors, the Department has developed a new comprehensive Management and Leadership Strategy, 'Leading...to Success'; that articulates a vision for the future and maps the actions required to deliver it. The strategy and Implementation Plan addresses the nature and extent of the Department's direct interventions to support management and leadership in all organisations in Northern Ireland.

The Department's own market interventions have been revised into a number of new programmes. Management, Analysis and Planning, a new diagnostic product, helps organisations to identify management development needs linked to the achievement of its overall business objectives.

This project closed in March 2008 as, following publication of 'Leading...to Success' Management and Leadership Development Strategy and Implementation Plan in May 2007, its target had been achieved.

## 2.5 Investors in People

**Aim:** The development and implementation of a marketing and promotional strategy to increase the number of organisations using the Investors in People Standard to align skills development with the achievement of business goals such as efficiency, profitability and improved competitiveness.

**Background:** The Investors in People (IiP) Standard is a business improvement tool that helps organisations to compete and succeed through improved people performance. The Standard achieves this by helping employer's link workforce development activity to organisational aims and objectives. The Department's Investors in People Centre manages all aspects of Northern Ireland employer engagement with the Standard.

**Applicable targets:** Complete an external audit of how the IiP Standard is marketed in Northern Ireland and develop a new IiP Marketing Strategy by 31 May 2006.

**Outcome:** The audit was completed on schedule and the following key outputs were delivered:

- Project Implementation Document agreed - ensuring that plans were in place to achieve the project objectives, to identify risks and constraints, and to establish robust project management arrangements.
- Tendering process completed – to engage external professional support for an audit of current IiP marketing.
- Market Report produced– detailing the review findings and with recommendations for the future.
- Revised Marketing Plan composed – outlining an approach to the delivery of Investors in People targets to 2010.
- Annual schedule of activity produced.

Based on the findings of the review, a marketing strategy has been composed. Features of the strategy include engagement of the services of a Public Relations and Design Agency, Lyle Bailie, and the utilisation of telemarketing (contracts awarded following procurement processes supported by Central Procurement Directorate).

Working with Lyle Bailie, the Centre has focused direct marketing activity in 2007/2008 around the use of billboard advertising, trade press advertising/editorial and use of a variety of business related websites.

The IiP Centre will continue to collate information that will assist an evaluation and review of marketing activity with the aim of further streamlining resources into those activities returning the best results in 2008/2009.

## Theme 3: Improving the quality and relevance of education and training

This theme is about improving the planning and delivery of education and training. It is about putting in place a 'skills ladder' which acknowledges the value and complementary nature of academic and professional and technical progression routes.

Implementation of the Further Education Strategy for Northern Ireland, 'Further Education Means Business', will make a significant contribution to the delivery of the Skills Strategy. The further education sector is at the heart of lifelong learning, its strategic objectives being to strengthen economic and workforce development, to enhance social cohesion and to advance individuals' skills and learning. In association with the six Workforce Development Forums, at sub regional, and the Skills Expert Group, at regional level, further education colleges will be key drivers of local, sub-regional and regional economic and workforce development by, for example:

- raising skills and qualifications levels, particularly in areas that meet the needs of the local economy;
- ensuring that curriculum provision in colleges is focused on economic and workforce needs;
- supporting business creation, incubation and development;
- developing flexible approaches to learning through the use of technologies, through partnership with local providers and by being responsive to local needs; responding, in particular, to the needs of SMEs; and
- by ensuring that college provision is high quality and kept up to date with best practice.

In order to ensure that 'Further Education Means Business' is implemented in the most effective way, the further education sector undertook a major re-organisation that has seen the 16 further education colleges in Northern Ireland merge to form six new larger regional colleges. These larger and more influential colleges will enhance the sector's profile and status, particularly with employers and employer representative bodies, and will be key providers of education and training to meet the skill needs of the economy. The new structure will also enable the sector to play an increased role in regional planning and in the delivery of qualifications and skills at all levels across Northern Ireland.

### 3.1 Further education support for economic development

**Aim:** This project aims to determine the role that further education colleges can play in supporting employers in practical ways, in addition to the provision of relevant vocational and business skills for individuals.

It will look at the role and effectiveness of centres of excellence in colleges, which will be part of the wider recommendations on how colleges can best provide key workforce and economic development support through the new six-college structure.

**Applicable targets:** To enhance the contribution of the further education sector to economic development throughout the period 2005-2008.

**Background:** The Economic Engagement project is determining how further education colleges can best support economic development in Northern Ireland, specifically in the context of the new six college structure.

**Outcome:** The statutory further education sector has, over recent years, played an increasingly important role in supporting economic development both in terms of providing quality provision for learners in priority skills areas as well as engaging directly with employers to address their identified business needs. In the future, the curriculum offered by colleges will focus increasingly on the needs of the economy, with greater priority given to those professional and technical areas that meet local and regional priority skills needs.

As well as the provision of skilled individuals, colleges also support employers in a range of practical ways such as enhancing productivity and competitiveness, business creation, incubation and product development. Both the Department and the colleges are committed to developing further the sector's role in supporting the economy at both local and regional level. This is one of the reasons why the secretariats of the Workforce Development Forums are provided by the colleges.

A review of the current Centres of Excellence model has recently been completed. A working group has been established to implement the review's recommendations by 31 March 2010.

In addition, and in order to enhance the support which further education colleges can offer business and industry, the Department is funding a Pilot Programme over the next three years (2008/2010) to underpin colleges' contribution to innovation. The Department's Employer Support Programme, which is providing funding of £3million per annum, has been introduced to ensure that the further education sector has the capacity and expertise to deliver the skilled workforce the economy requires. It also provides a vehicle for other aspects of college support for industry and entrepreneurship. In particular, funding is focusing on:

- further education college engagement with employers, including prospective foreign direct investment clients and expanding companies in priority skills areas;
- supporting entrepreneurial activity; and
- improving cross-border collaboration in the development of an 'all island' workforce (including joint provision, SME support, and promotion of entrepreneurship, particularly in border areas).

The Department is continuing to work with Invest Northern Ireland to better define the role of the further education sector in encouraging and supporting foreign direct investment, as well as indigenous businesses. The assessment of college Employer Support Programme proposals is benefiting from the expertise and advice of representatives from Invest Northern Ireland and other key stakeholders.

## 3.2 Reform of vocational qualifications

**Aim:** The aim of the programme is to bring about the reform of vocational qualifications across the four nations of the UK and to introduce a revised unit-based credit rated qualifications framework for England, Wales and Northern Ireland.

**Background:** Qualifications are the means by which formal education or training is recognised. The vocational qualifications system is overseen by the regulators in England, Northern Ireland and Wales, who jointly maintain a three-country qualifications framework. Qualifications are developed by awarding bodies and qualifications that have been accredited by the regulators are placed on the National Qualifications Framework.

**Applicable targets:** To put in place a new simplified credit-based framework of qualifications by December 2010.

**Outcome:** The reform programme is being overseen by the UK Vocational Qualifications Reform Programme Board, which covers the four UK nations. The programme comprises five strands of activity, including the implementation of the new Qualifications and Credit Framework and the investigation of possible changes to the awarding system to enable employers and providers to award their own qualifications.

The operation of the new framework has undergone a two-year period of tests and trials which consisted of 51 projects and involved 233 providers, 35 awarding bodies, 17 employment sector bodies and more than 10,000 learner enrolments. The tests and trials, which also covered Northern Ireland, ended in May 2008.

The report from the trials concluded that:

- the Qualifications and Credit Framework was simple to understand, flexible to use and easy to navigate;
- the framework was responsive so that employers and providers can customise learning programmes to meet particular needs;
- credit achievement is recognised and recorded, and credits are established as the currency of achievement; and
- the introduction of the Qualifications and Credit Framework had the potential to reduce bureaucracy and costs (although further work is needed to be done to investigate and demonstrate this potential).

The key recommendation of the report was that the Qualifications and Credit Framework should be implemented across England, Wales and Northern Ireland from 1 September 2008. The report also identified some issues for future resolution, including a web-based accreditation system, marketing and communications and the building of capacity within stakeholder organisations. Ministers in the three countries have approved the key recommendation and the Qualifications and Credit Framework was operational from 1 September 2008.

It is also recommended that the implementation of the new framework should proceed in a phased manner to ensure that every aspect of the system has been thoroughly tested and appraised before it is introduced. Further testing of systems and processes will now take place and the full implementation of the Qualifications and Credit Framework using the new systems is expected to be in place before the end of 2010.

At the same time, following the establishment of a new regulatory body in England, the Office of the Qualifications and Examinations Regulator (Ofqual), the Department is proposing changes to the regulatory system for vocational qualifications in Northern Ireland - the Department is recommending that Ofqual should also regulate vocational qualifications in Northern Ireland. The proposals also include changes to the legislation to allow employers and providers to become awarding bodies; this will enable more learning undertaken to be recognised in the labour market, enhancing the employability of all learners. These proposals are currently the subject of public consultation in Northern Ireland.

These reform activities will be overseen in Northern Ireland by a programme board, chaired by the Department and consisting of key stakeholders in the field of vocational qualifications. The board will report to the four-country programme board, which will co-ordinate activity across the UK.

### 3.3 14-19 reforms

**Aim:** To ensure that all 14-19 year olds in the post-primary sector have access to high quality professional and technical education through the provision of robust collaborative partnerships between further education colleges and post-primary schools.

**Background:** The Department and the Department of Education are working jointly on the reform of education for 14-19 year olds. A number of strands associated with the wider reform programme are being taken forward by this Department primarily as part of the 'Further Education Means Business' Strategy. These reforms will provide all young people with the opportunity, alongside their academic curriculum, to take high quality, high value professional and technical education courses with up-to-date industry expertise and equipment.

The Vocational Enhancement Programme, which ran between 2004 and 2008, was a joint project with Department of Education which involved the development and implementation of collaborative models between post-primary schools and further education colleges. The purpose was to move both the further education and post-primary schools' sectors forward towards the implementation of the Curriculum Entitlement Framework as outlined in the Post Primary Review. The responsibility for the funding and administration of the replacement of the Vocational Enhancement Programme has passed from the Department to the Department of Education since September 2008 and although the pilot has now ended, and the Department no longer has a funding stream for this activity, collaborative arrangements between schools and further education colleges are continuing and will ultimately evolve into the Entitlement Framework.

A full evaluation of Vocational Enhancement Programme covering the period from 2005 to 2008 is now available and the findings will inform the way ahead for its replacement in the 2008/09 academic year and the shape of the Entitlement Framework from September 2013.

**Applicable targets:**

- To strengthen, develop and promote collaboration based on the Vocational Enhancement Programme between schools and the further education sector in order to support the implementation of the Curriculum Entitlement Framework in 2013.
- Full integration of Differentiated Curriculum from September 2008 onwards.

**Outcome:** Between 2005 and 2008, Vocational Enhancement Programme has offered 29,266 vocational education opportunities to students through further education colleges, 60% of these enrolments were male and 68% pupils participating on Vocational Enhancement Programme were in years 11 and 12 (Key stage 4). Qualifications at Level 1 come out as the most prevalent choice of provision across post-primary schools, accounting for almost 65% of all provision and an overall achievement rate of 37% was recorded across the three year period.

Post-primary school participation showed a significant increase over the period of the evaluation, from 121 post primary schools involved in 2005/06 to 210 in the final year of the programme, representing a 57% increase. When actual enrolments are analysed against school type, 76% pupils were from Secondary schools, 14% from Grammar and 9% from special school sector. 82% of the secondary pupils were in Key Stage 4 while 87% of grammar pupils were post 16.

A separate, but related, element of the 14 to 19 project was to ensure that the courses and curriculum provided by further education colleges increasingly focused on the skills needs of employers. A public consultation exercise was conducted towards the end of 2007 on this issue, and the outcome from the consultation informs colleges' annual curriculum planning processes.

Another major element of this work will be the implementation of an Individual Learner Programme for all 16 year olds entering further education, as outlined in the further education Curriculum consultation referred to above. Linking closely to the implementation of the Department's Careers Education, Information, Advice and Guidance Strategy, the Individual Learner Programme will ensure that every 16 to 19 year old entering a further education college is provided with a personalised programme of learning that would enable his/her career aspirations to be met in the most effective way. This guidance process will have to link to the Individual Student Learner Agreements developed in colleges, the Pupil Profiles developed in schools, and will be enabled by technology as part of the Department's e-Learning/ICT project. The intention is to introduce the Individual Learner Programme from the start of the 2009/10 academic year.

Policy for 14 to 19 year olds is, therefore, a developing area. The Department for Employment and Learning will continue to work with the Department of Education in the development of a 14 to 19 Strategy for Northern Ireland.

Discussions are ongoing in order to co-ordinate the policy initiatives each department has responsibility for to identify gaps and overlaps in education provision. This will result in a framework and a strategy within which educational provision for 14-19 year olds will be developed. Progression from, and between, curriculum routes and education courses will be identified through the framework.

The joint Department for Employment and Learning and Department of Education vision for the educational provision for 14-19 year olds includes:

- greater coherence and planning of provision at a regional level;
- a curriculum framework which ensures greater choice for all young people, including enhanced access to professional and technical provision;
- a much higher profile for information, advice and guidance for young people, including greater clarity of progression routes;
- a greater understanding for young people of how business (public, private, voluntary and self-employment) operates; and
- preparing young people for employment with the skills, knowledge and attitudes which enable them to make a significant contribution to the economy and society in general.

The aim is to ensure, regardless of the delivery mechanism, that each young person will be able to achieve their potential; there will be no second-best option in the provision of 14-19 education.

The Department of Education has also set up an area based planning process to explore the best means of delivering the Entitlement Framework to post-primary school pupils. This is being co-ordinated through an Area-based Planning Central Group and the Department and the further education sector (through the Association of Northern Ireland Colleges) are both represented on the group. Five local Area-based Planning Groups have been set up with further education representation (at college Director Level) on each. The local area groups are responsible for seeking and developing agreed local arrangements in order to meet the objectives of the Central Group.

### **3.4 Higher education**

**Aim:** To provide an assessment of the contribution of the higher education sector to meeting Northern Ireland's skills needs.

**Background:** This work has been taken forward through three main strands:

## Review of higher education in further education

The Department carried out a review of its policies and processes in relation to the delivery of higher education in further education including Foundation Degrees. This review was recommended in the Department's strategy document 'Further Education Means Business' which set out a programme of implementation to take forward the Department's policy on the future of further education.

The scope of the review included policy development to support the creation of high quality intermediate level qualifications in order to meet projected demand for employees qualified at associate professional and technical level by 2012.

The review also endorsed the following principles underpinning the provision of higher education in further education; namely: that further education colleges have a particular strength and role in meeting the skills of employers and that a strategy for growth in higher education in further education should incentivise provision that is wholly or partly designed, funded or provided by employers.

The policy proposals relating to higher education in further education in the consultation were focused on three broad areas:

- Course approval and quality assurance;
- Funding; and
- Maximum student numbers.

**Outcome:** A public consultation document 'Consultation on the Review of Higher Education in Further Education, including Foundation Degrees' issued in November 2007 and a total of 41 responses were received by the closing date of 7 January 2008. The Departmental Assembly Committee provided its own formal response to the Department.

The responses were analysed and a consultation summary report was produced. The Minister for Employment and Learning, Sir Reg Empey approved the following recommendations in the summary report and these have been implemented.

- The removal of the approval process for individual higher education in further education courses and the introduction of a strategic planning approval process for higher education in further education courses. This to be managed through the College Development Planning process.
- The introduction of a new funding methodology for higher education in further education.
- The engagement of the Quality Assurance Agency to quality assure higher education in further education in Northern Ireland.
- The introduction of a single, higher education, maximum student number allocation for each further education regional college to distribute among its campuses and curriculum as it deems appropriate.

## Review of foundation degrees

The development of Foundation Degrees is integral to both 'Further Education Means Business' and 'Success through Skills'. The Department aims to increase the number of Foundation Degrees in priority skills areas and will work closely with industry, especially the Sector Skills Councils, to ensure that Foundation Degrees meet the needs of employers and are industry led.

The public consultation reviewed the policies and principles underpinning the development and delivery of Foundation Degrees. In doing this a number of key themes were considered i.e.

- Recruitment;
- Promotion;
- Delivery;
- Higher education and further education collaboration; and
- Development funding.

The Minister approved the following recommendations in the consultation summary report relating to the development and delivery of Foundation Degrees:

- The introduction of an effective process for Accreditation of Prior Experiential Learning as an entry route to Foundation Degrees;
- The possible validation of Foundation Degrees by English universities where the Northern Ireland universities are unwilling or unable to validate the qualification; and
- A possible change to the current 2+2 articulation model from a Foundation Degree to an Honours Degree.

The Department established a Foundation Degree Strategy Group of key stakeholders and working groups to consider how the recommendations can be implemented.

## Higher level skills

**Applicable Targets:** In consultation with the higher education sector and employers, develop a policy for higher level skills and the enhancement of student employability.

The expansion of higher level skills is a key issue in the Government's agenda; its objective is to achieve world class higher level skills which are economically viable. This is essential if Northern Ireland is to improve its prosperity and enable it to compete in a changing global economy.

The Department is committed to increasing the proportion of the population qualified to Level 4 and above, focusing on workforce development and increased employer engagement, particularly through more opportunities for part-time vocational courses, such as Foundation Degrees.

The Department is working with, and through, various groups such as the Sectors Skills Councils, Skills Expert Group, Workforce Development Forums and Skills for Business Network to identify the higher level skills needs of Northern Ireland at regional and sub-regional levels.

The Department has engaged with both the Northern Ireland universities in ascertaining the extent of activities in higher education in relation to skills and employability.

In relation to improving skills levels in the existing workforce in Northern Ireland, the Department has engaged Foundation Degree Forward to assist with the development of a strategy for the expansion of Foundation Degrees in Northern Ireland. In particular, the Department has commissioned Foundation Degree Forward to carry out feasibility studies to examine the demand and support for employer led part-time Foundation Degrees in a number of areas including Retail Management, Financial Services and Leadership and Management.

### 3.5 Reconfiguration of training

**Aim:** This project involves a comprehensive review of existing training provision for 16-18 year olds, with a view to the development and implementation of a revised vocational training programme.

**Background:** The Department is committed to the provision of apprenticeships and to professional and technical employment training. Such training is one of the main vehicles by which the Department can support business, industry, employers, and the Northern Ireland economy, helping large numbers of young people each year to move from education into the world of work.

In September 2007, the Department launched the Training for Success professional and technical training provision, which replaced the former Jobskills programme.

**Applicable targets:** To put in place a new Vocational Training Programme by September 2007.

**Outcome:** All objectives have been achieved as at 3 September 2007. Contracts have been successfully established with 53 Suppliers and Operational Guidelines for both the JobReady strand and Level 2/3 Apprenticeships were issued in August 2007;

The Department has carried out its own review to determine how this provision has 'bedded in' and if it is delivering the individuality and flexibility promised. As a result of this review the following further significant changes have been made to the provision.

- As a branding tool, the Apprenticeships component has now been separated as *ApprenticeshipsNI*. Training for Success now represents the former *JobReady* component of the provision.
- Apprenticeships have now been made available to all eligible people over the age of 16 and the former Apprenticeship requirement of being contracted to work a minimum of 35 hours a week has now been reduced to a minimum of 21 hours a week.

- Structural changes have been introduced to individual components of *Training for Success* to improve flexibility, for both participants and Training Suppliers, whilst increasing the focus on retention and achievement.
- A Training Education Maintenance Allowance has been introduced for participants on *Training for Success*, to encourage young people receiving benefits to take up training to help them gain employment.

Given that the objectives for the project have been achieved the project has been closed.

### 3.6 Quality improvement

**Aim:** To enhance the quality of vocational education and training, funded by the Department, through the development of a quality and performance framework.

**Background:** The Department is committed to ensuring that the education, training and skills provision in Northern Ireland is of the highest quality.

The Quality Improvement Strategy, 'Success through Excellence', covers the whole Further Education and training system in Northern Ireland - for all the providers that participate in delivering it, and the partner organisations that will work with them to ensure its successful implementation. It requires commitment from the Department, the partner organisations and the further education and training system to turn the collective pursuit of high quality provision into a reality.

The focus on quality and performance, and the pursuit of continuous improvement across the system is reflected in the implementation of 'Success through Skills'.

**Applicable targets:** To promote quality across the Department's skills provision through the development and implementation of a Framework for a Quality Improvement Strategy by September 2006.

**Outcome:** The Department has put quality at the heart of its provision. The Quality Improvement Strategy – 'Success through Excellence' - was launched by the Permanent Secretary in January 2007. The Strategy has been developed in partnership with a range of key stakeholders, including the Education and Training Inspectorate; Learning and Skills Development Agency (NI), Lifelong Learning UK and appropriate Departmental business areas. The Strategy is classified into five broad strands that focus on the programmes of work to be taken forward with:

- The Inspectorate, to ensure that inspection provides clear, consistent and accurate reporting and grading of further education and training provision; resources and supports effectively the culture of self-improvement, and identifies and assists in the dissemination of innovative and effective practice.
- The Learning and Skills Development Agency (NI), to secure better outcomes for learners and employers by providing focus and support for quality improvement in the further education and training system.

- Lifelong Learning UK, to develop a standards-based framework for the further education and training system including the community based learning sector, which supports continuous professional development for all teachers, trainers and tutors.
- The key recommendations outlined in the joint Department/Learning and Skills Development Agency (NI) report, 'Purpose, performance and public value', and ensure they are integrated into the Strategy.
- The Department's contract management function, to ensure a consistent approach to the monitoring of contracts, which will focus on high quality and improved performance from contracted providers.

Learning and Skills Development Agency (NI) has been working with the further education sector and a number of training organisations, post Education and Training Inspectorate inspection, to help improve performance in light of the inspection findings. Bespoke professional support and training has been provided to meet the development needs of the organisations. Post inspection support continues to be developed and refined.

Given that the objectives for the project have been achieved the project has been closed.

## Theme 4: Tackling the skills barriers to employment and employability

This theme is about equipping those who are not in work with the skills necessary for economic activity. A contributor to this theme is the Government's Welfare to Work agenda, through which individuals will, where possible, be assisted to address their main barriers to employment. These barriers include ill-health, childcare, mobility, long-term unemployment, skills, drug/alcohol misuse/abuse, homelessness, being an ex-prisoner/ex-offender etc. A menu of provision, including referral to specific services, will be developed to seek to tackle these barriers, which will include options for increasing skills levels where that is seen as the major barrier to employment.

### 4.1 Steps to Work

**Aim:** The aim of Steps to Work is to assist people who are unemployed or economically inactive to find and sustain employment.

**Background:** Steps to Work (StW) is the Department's main adult return to work programme. The programme is available to anyone who is aged 18 years old or over and who is unemployed or economically inactive, irrespective of whether or not they are in receipt of benefit. There is no upper age limit for participating in the programme.

Steps to Work provides a flexible approach, which can be tailored to address each individual's barriers to employment, and offers the opportunity to gain a work related qualification; meaningful and relevant experience of the workplace through high quality work experience placements; assistance with improving essential skills, if needed; and help with developing the skills needed to search for, and sustain employment, for example interview skills, job search skills, CV building. Assistance is also available for those who wish to enter self-employment.

As an additional means of helping long-term unemployed or economically inactive Steps to Work participants to gain sustained employment, an employer may qualify for an Employer Subsidy for the first 26 weeks of employment when recruiting a Steps to Work participant.

**Applicable Targets:** 25% of leavers to achieve employment (within 13 weeks of leaving) and to sustain that employment for 13 weeks; and

85% of those who have sustained employment for 13 weeks to sustain employment for a further 13 weeks i.e. 26 weeks sustained employment in total.

**Outcome:** To contribute to a working age employment level of 75% by 2020.

## **ANNEX B – ADDITIONAL PROJECTS**

In addition to the 16 projects outlined in the Implementation Plan, work has been ongoing in a number of areas

### **Bridge to Employment**

The Bridge to Employment programme offers a tailored recruitment and training service to new inward investors and to local firms who want to expand their workforce. In conjunction with the client company, Bridge staff will design a training course designed to give someone the skills needed to do the job available, find and recruit unemployed trainees to undergo training and deliver the training course. The Bridge programme is free to the employer whose only commitment is to guarantee an interview to all trainees who successfully complete their training. Trainees continue to receive their benefit while in training (with the addition of travel expenses) and will be given the appropriate skill set to do the job, even with no prior experience.

In 2008/09 Bridge ran 23 programmes for business across a wide range of sectors from IT to nursing.

A total of 339 trainees started training courses and 98.8% of those who successfully completed their training were offered employment.

### **Software Professional Course**

The Software Professional Course is a 35 week graduate conversion course designed to give non-IT graduates the skills to work in the ICT industry in Northern Ireland. Participants receive a training allowance while in training and have the opportunity to earn bonuses depending on performance. The course was delivered at five locations across four further education colleges in 2008/09.

### **Attracting skilled people to Northern Ireland**

The original Implementation Plan concentrated on addressing the current and future skills needs of the existing Northern Ireland workforce. However, if we are to grow our labour market to the size required, we recognise that more needs to be done in terms of lowering the high levels of out-migration and attracting higher levels of suitably skilled people to Northern Ireland.

Historically, Northern Ireland has been a net exporter of people but in recent years in part thanks to an end to the 'Troubles', these flows have been reduced. However, more needs to be done.

In recognition of this, the Department launched its 'C'Mon Over' initiative towards the end of 2007. It aims to encourage people from outside Northern Ireland, with the skills we need, to consider Northern Ireland as a place to live and work. The initiative aligns closely with Invest Northern Ireland's, 'ThinkNI' campaign, launched in June 2008, the Office of the First Minister and the deputy First Minister's 'Take a Closer Look' initiative which is specifically

aimed at the North American investment market and the British Council's 'Choose NI' marketing campaign.

In order to take forward the campaign, three delivery phases were identified:

- Undergraduates studying outside of Northern Ireland and recent graduates living in these areas.
- Those people originally from Northern Ireland with several years experience, now working outside the region.
- Those people living outside Northern Ireland with no connection to the region.

As part of 'C'Mon Over' the Department has worked with employers to showcase the opportunities they have currently available in Northern Ireland through a range of media including graduate recruitment fairs in Scotland, the North of England and Dublin, the social networking site, Facebook, a predominantly online advertising campaign and a visit to the George Best Belfast City Airport during the Christmas holidays to meet those returning to Northern Ireland for the festive season.

### **Skills Newsletter**

Work has been ongoing to raise awareness of the importance of skills and the Skills Strategy for Northern Ireland. Stakeholders can now sign up to receive a regular electronic update via the Department's website. The newsletter contains a short update from the Minister and details programmes and events which employers may find useful. Over 750 people now subscribe to this free service.









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Our aim is to promote learning and skills, to prepare people for work and to support the economy.

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