

Department for Employment and Learning Assembly Statement
Monday 13 January 2014

Report on the Review of Apprenticeships

Thank you, Mr Speaker.

Today I am announcing my proposals for the future of apprenticeships in Northern Ireland.

I believe that these proposals have the potential to radically reform and improve our skills and training landscape.

Context

Last year, I launched major reviews of apprenticeships and youth training.

Today marks the publication of the interim report on the review of apprenticeships, and the launch of a public consultation on its proposals.

Shortly, we will also be announcing the interim outcome of the Review of Youth Training, and I will make a similar statement to the Assembly in that regard.

There is a very clear necessity for these reviews. Rebalancing and rebuilding the economy is the Executive's top priority. In achieving these goals, we must recognise that our main asset is our people, and it is on the basis of their talents and skills that we will transform our economy, increase employment and social mobility, raise productivity and compete globally.

It is my job to ensure that we have a pipeline of appropriately skilled people, so that our economy can operate at maximum efficiency. This involves making sure that both current and potential employers have access to the skilled employees that they require, and providing people, and in particular young people, with the opportunities to secure and sustain meaningful employment. Arising from this, there is an ongoing imperative to closely match supply and demand for skills, to bring people closer to the labour market and to increase economic participation.

Our Skills Strategy, *Success through Skills – Transforming Futures*, demonstrates clearly that our economy will require a significant increase in higher skills. For example, by 2020, around half of our workforce will need to be trained to level 4 or above.

While we have an overarching requirement to deliver a greater volume of higher level skills, including in STEM areas, it is clear that there are a range of pathways to secure this outcome, including both the traditional university route and, increasingly also, through apprenticeships at higher levels.

It is clear to me that some of the most successful economies in the world, judged both in terms of productivity and employment, have well developed professional and technical training systems with highly respected

apprenticeship programmes. To compete, it is vital that Northern Ireland also has in place a strong and efficient route for the delivery of high level professional and technical skills.

Apprenticeships Today

The concept of an apprenticeship remains reasonably familiar in Northern Ireland. However, it is overly associated either with a long lost age or, in today's terms, with a narrow range of occupations.

Shortly, I will set out how we propose to transform the concept of apprenticeships locally to capture the opportunities of the modern, knowledge based economy. But first it is important to understand in some greater detail the rationale for change.

While the current model of apprenticeships in Northern Ireland, ApprenticeshipsNI, has served us well, it needs to be transformed to meet the needs of the economy, both now and into the future.

The current model is limited in a number of ways.

Firstly, our current provision is almost entirely focussed on Levels 2 and 3, with two-thirds of apprenticeships being at Level 2, that is around GCSE level. In the past couple of years, we have just begun to pilot some apprenticeships at higher levels.

The present offering is therefore increasingly out of step with the needs of the modern economy. In addition, there is almost no provision within the public sector, and many of the growth and professional sectors do not engage in or offer apprenticeship opportunities. Furthermore, there are few progression routes available to apprentices – and, as a consequence, the training offer is not able to compete with higher education alternatives.

Secondly, the main relationship in many cases is between the apprentice and the provider of the off-the-job training. Therefore the employer becomes a passive partner who takes on an apprentice but is not engaged sufficiently in training or in the outcome of the programme. This results in the off-the-job training being less valuable to the employer, and the apprentice loses out because there is insufficient integration of what he or she learns off the job and the skills they use in work. In addition, the qualifications landscape is complicated and changes are slow to take effect.

Thirdly, access to information regarding the benefits and opportunities of apprenticeships from the perspective of both the employer and the potential apprentice is at best imperfect. This leads to low participation rates from both businesses and individuals.

Process

Over the past year, much work has taken place leading to the findings which are set out in this interim report. My team has engaged in significant analysis of

our own economy and the practices, experiences and outcomes in other jurisdictions. This is an evidence-based report.

At the outset of the review I established the Expert Panel and this work has benefited from its views. I am very grateful for the advice provided by its members which is reflected within the report's proposals. I am grateful also for the advice provided by a wide range of other key stakeholders, which has helped inform the findings of the review. This was obtained through a series of stakeholder forums, and a call for submissions.

I would also like to thank the Committee for Employment and Learning and other members of the Assembly for their comments and views over the past number of months; these have further shaped our thinking. The Committee will have further opportunities to provide comment on these formal proposals.

Vision

In our vision for the future of Northern Ireland's apprenticeship system, it will deliver highly skilled apprentices in areas of economic importance, for the jobs of today and tomorrow.

Apprenticeships will be highly sought after by young people, and recognised as a key route into many professional and technical occupations. They will be held in equally high esteem as the traditional format of higher education.

In essence, quality, breadth, progression and portability will form the blue print of Northern Ireland's apprenticeships of the future, delivering skills excellence, recognised both nationally and internationally as the gold standard.

Proposals

In total, this Review is making 32 different proposals for the future of apprenticeships. These can be grouped into four different categories, namely: the components of an apprenticeship; increasing participation; the roles of the key players; and ensuring quality.

The Components of an Apprenticeship

First of all, an apprenticeship will be defined as a system of learning, irrespective of branding. It is accepted that different sectors may wish to use different terminology to describe their on-the-job-training. Instead, an apprenticeship will be recognised by Government if it contains a number of key components.

An apprenticeship will be for a new employee or, in the case of an existing employee, a new job role.

Perhaps most significantly, an apprenticeship will commence at professional and technical level 3 or higher. This represents a major shift in the balance of focus towards intermediate and higher skill levels. The rationale for this change is strong, and reflects both the evolving skill needs within our economy and the need to make an apprenticeship something that people can aspire towards. This proposal also needs to be read in conjunction with the Review of Youth Training which will provide revamped provision at Level 2.

I do want to emphasise that we are envisaging that there will be an increasing number of apprenticeships that are offered beyond the current cap at Level 3. Indeed, under our new plans, apprenticeships will be possible at any level, up to Level 8 (PhD level).

An Apprenticeship will be for a minimum duration of two years. This ensures a degree of rigour to training, and will distinguish it from other forms of in-work training.

An apprenticeship will involve a breadth of training beyond the specific needs of a particular job. When compared to other work-based learning systems, it is the combination of on and off-the-job training, through a programme of learning, formal assessment and recognised certification that differentiates apprenticeships.

An apprenticeship will be designed to enable individuals to progress into higher professional or technical training or onto a more traditional academic pathway. It is important that apprenticeships are framed with these progression routes in mind. I will return to this aspect shortly.

Collectively, these commitments will constitute the core components of an apprenticeship in Northern Ireland.

A number of underpinning elements will support these core components.

Apprenticeships will have a single award or qualification for each occupation at each level. The need for simplification of the qualifications was a consistent message that we have received, in particular from employers.

Apprenticeships will be open to everyone irrespective of age, with the primary focus on young people aged 16-24. This is something that my team and I have reflected upon. Given levels of youth unemployment, there is a particularly strong rationale to focus exclusively on young people. After consideration, we believe that we should provide flexibility in the system to reflect the realities of career changes and the growth in life-long learning.

Apprenticeships will support progression beyond the initial apprenticeship through a variety of pathways including to higher level apprenticeships and to further and higher education. It should be understood that apprenticeships do not exist in isolation of the wider training and education system, and indeed should facilitate access to higher level technical or professional training, and indeed into more traditional academic pathways.

Apprenticeship awards and qualifications will facilitate portability within a sector and mobility within the wider economy. Apprenticeships are not about training for a specific job. The training should involve a breadth of skills that should service an entire sector, and also assist with an appropriately trained individual having transferable skills relevant across the economy.

Measures will be put in place to support individuals to make the transition into apprenticeships at level 3. While apprenticeships will be readily accessible for those with GCSEs, A-levels and potentially degrees, we will work to ensure that additional support is provided for others to achieve the required Level 2 entry requirements so that they can access apprenticeships. Furthermore, in recognition of the shift of apprenticeships to level 3, the review of youth training will examine current provision at level 2, including simplifying the offer and providing clear progression pathways to an apprenticeship, employment or further and higher education.

International opportunities for placements and exchanges will also be important for our future apprentices. This will give apprenticeships enhanced status. We are working with the European Commission in relation to the European Alliance for Apprenticeships and the new Erasmus + programme to facilitate this.

Increasing Participation

While we can design a gold standard system of apprenticeships, it will only be effective if employers create opportunities, and in turn people, particularly our young people, take up those opportunities.

For the first time in Northern Ireland, a central service will be introduced to market, promote and support apprenticeship provision, by engaging with employers and potential participants.

This central service will provide advice and guidance for employers and potential apprentices on the range of support and training available.

An online service will be introduced to advertise apprenticeship vacancies across all sectors. This can make information matching much more efficient.

Applications for apprenticeship places will be supported via a UCAS style portal, to inform young people of the range of opportunities available. This offers the potential to create a better parity of esteem between alternative pathways.

In terms of occupations, apprenticeships will be offered in a wide range of professional and technical areas, reflecting the needs of the Northern Ireland economy. In particular, it is worth stressing the potential to expand the apprenticeship system into the professions, noting my earlier point regarding flexibility on branding. This could see apprenticeships being applied to positions that have recently been filled almost exclusively by graduates. Higher level apprenticeships may therefore exist alongside graduate entry providing an alternative pathway, and perhaps at times a more efficient and effective pathway, to the same destination.

Furthermore, apprenticeships will be expanded to include professional and technical occupations within the public sector. With our public sector likely for the foreseeable future to constitute a major source of employment, it is only right that it offers such opportunities. In turn, I am confident that the on-the-job training offered in apprenticeships will be very appropriate for aspects of the

public sector, and I am pleased that there are some preliminary expressions of interest in that regard.

A range of incentives will be considered to support employers, particularly SMEs and micro-businesses, to participate in apprenticeships. There are a number of different models to be explored including an upfront payment on apprentice start-up and achievement; collective group arrangements; larger employers over-training for their sectors; and public-private partnerships.

The Careers Service will provide impartial pre-entry advice to all young people considering the apprenticeship pathway. It will intervene at key transition points for young people to provide impartial advice and guidance. The forthcoming joint review of careers between my Department and the Department of Education will be instrumental.

We also need to encourage our young people, their parents and other key influencers and schools that apprenticeships are a really valuable way of securing an excellent career, getting qualifications while gaining experience, and progressing through a route that has equal value and prestige to the university pathway. To secure this, we must be bold, innovative and creative, to break new ground.

Apprenticeships will include a range of measures to support participation by both genders across occupations. While at present, the participation levels within the current ApprenticeshipNI programme are reasonably even, there is however significant gender segmentation. Female participation in some of the key growth sectors is particularly low. This was the subject of a general statement which I made on gender issues in June 2013. We will put in place a range of measures to encourage balanced gender participation.

Partnership – the roles of the key players

The most successful apprenticeship systems are based upon a partnership between the key stakeholders. Partnership and an economy driven approach will become a key feature of the apprenticeship model.

An advisory group, based around a partnership comprising of employers, trade unions and the providers of off-the-job training, will be established to advise Government at a strategic level on apprenticeship provision, including oversight, consideration of supply and demand issues, devising new support mechanisms, and balancing the specific training needed for a role against the broader more transferable skills required for an apprenticeship.

This partnership approach will better ensure an economy-led approach. It is important that employer's participation is facilitated in every aspect of the design and delivery of apprenticeships.

At a sectoral level, partnership groups, including representatives from employers, Sector Skills Councils or equivalent bodies, providers of off-the-job training and Government, will be established to design and agree apprenticeship provision, including the content of qualifications which will be

taken, and advising on any exceptions to the standard model. This sectoral focused partnership is essential to creating a model that is flexible and responsive to the needs of the economy.

Recognising that the economy and demand can often be unpredictable, resulting in skills and job mismatches, I will also put in place a system to estimate demand and inform supply. This annual skills barometer approach will facilitate the development of any interventions to increase participation levels.

Ensuring Quality

Quality, achievement and progression will be key measures of success for apprenticeship provision.

Employers and industry specialists, in partnership with other key stakeholders, will inform the content, duration and assessment of each apprenticeship, including tests at the end of the training period. This will provide a guarantee for employers and apprentices of the quality of the training and education they have received.

Apprenticeship training will be subject to rigorous assurance by inspectors who have up-to-date experience in the professional and technical areas, supported by industrial experts to ensure each apprenticeship meets the needs of employers and apprentices.

To support the quality of teaching and learning, criteria will be set for all teaching staff, which will establish minimum qualification requirements in the subject area and related pedagogy, as well as significant and up-to-date experience in industry.

Stringent conditions will be established for continuous professional development to ensure that those delivering training remain expert in their field.

Only those providers who meet the minimum quality standards as determined by the Department will be funded to deliver apprenticeship training.

Next Steps

From today, these proposals will be subject to a 12-week consultation period. Feedback received through this process will be used to inform our final policy for apprenticeships, which will be published in the early summer of 2014.

In parallel with this consultation, some further exploratory work will be taken forward by the Department.

First, we will seek to develop a financial model to determine how best to resource the new model of apprenticeships and to support employers. There is an existing budget for ApprenticeshipsNI which can be reallocated. In the past, the European Social Fund has been used to support apprenticeships locally. It is my intention that the Fund will provide greater support over the 2014-2020 period. Furthermore, we will examine how best to engage with the HMRC model announced by the UK Chancellor of the Exchequer on 5 December 2013.

Second, we will seek to pilot a central service to market, promote and support apprenticeships for both employers and individuals. I have already outlined the purpose of such a service. This will bring a degree of cohesion to apprenticeships locally that hitherto has been lacking.

Third, we will develop a demand estimation model. This will assist us to better plan for future provision.

Fourth, we will seek to support SMEs with the aim of encouraging them to participate in apprenticeships. I have already set out some of the options in this regard, and we will now proceed to explore these with employers and to develop and test their effectiveness.

Finally, we will be proceeding to open up the public sector to apprenticeships and work further on opening up higher level apprenticeships.

Conclusions

This review articulates a blueprint for the future of apprenticeships in Northern Ireland. I believe it will transform the supply of skills, particularly at higher levels for employers and, at the same time, inspire all who participate in an apprenticeship programme.

This will be a system that works in the interests of the individual, the employer and the economy.

It will driven by strategic partnership; put employers at its very heart; better match supply with demand; afford opportunities in a much wider range of occupations; and offer flexible progression pathways across Vocational and Professional Education and Training.

These proposals will help to develop a modern, knowledge based economy, and play a huge role in transforming our economic fortunes.

I commend these proposals to the Assembly.