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Department for  
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# Success through Skills - Transforming Futures

The Skills Strategy  
for Northern Ireland

2011



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## 1. 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. As the Employment and Learning Minister, I am wholeheartedly committed to the skills agenda. Investment in skills is a critical driver for the local economy and is central to future economic growth. Skills also benefit the individual: improving employment opportunities, reducing inequalities and improving living standards.

Economically, the downturn has affected everyone. Yet, businesses are increasingly realising that investing in the skills of their employees can impact on productivity and overall success, in turn helping them to survive the current turmoil.

Given that growing a dynamic and innovative economy will inevitably be a key objective of the forthcoming Programme for Government, this Strategy outlines the future skills profile necessary to support this growth. It is clear that transformational change of our skills and training landscape is required – I am fully committed to ensuring that this transformation becomes a reality.

The need to invest in the skills of our population is an immediate imperative, investment now will allow us to take advantage of the economic upturn when it occurs. As we face continued fiscal challenges, it is vital that businesses, Government and individuals continue to invest in skills to ensure that Northern Ireland emerges from the recession more productive and competitive.

Each of us has an intrinsic value and a contribution to make to society – everyone should be encouraged to reach their full potential. Employers must support employees to train in order to improve productivity and ultimately profit and Government, must ensure that the infrastructure is in place to support both individuals and businesses.

Only by working together to increase the skills of our workforce across all levels, can our vision be achieved. Together we have the potential to transform futures: the futures of individuals, our local companies and our economy.



**DR STEPHEN FARRY 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.

**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.**

### THE VISION

The economy is the top priority of the Northern Ireland 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.

## SKILLS CHALLENGES

While the skills profile of Northern Ireland has been improving steadily over the last decade more needs to be done, in addition to the work already being taken forward relating to the skills agenda, in order to achieve the skills profile required (reflected by the four strategic goals below) and enable Northern Ireland to compete globally. Transformational change is required.

### Strategic goal 1:

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

### Strategic goal 4:

To increase the proportion of those 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 from a baseline of 18% in 2008.

In order to achieve this skills profile there are a number of challenges that 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. This increasingly ‘skills hungry’ job market will have an impact right across the skills spectrum.

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

As over 75% of the 2020 workforce have already completed their compulsory school education<sup>1</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 need to address subject imbalances**

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.

The ‘Report of the STEM Review’ examines ways in which Government and business can increase the number of people with STEM qualifications entering the workplace.

### **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.

### **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.

## **THEMES FOR ACTION**

It should be noted that while this Strategy demonstrates what needs to be done; the level to which it can be done will be largely determined by fiscal constraints.

The outputs from the Department’s existing provision (further education, higher education, apprenticeships and essential skills) will continue to make the largest contribution to the attainment of the four Strategic Goals. Their exact contribution will be closely monitored over the implementation of this Strategy and changes will be made accordingly.

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

However, much more needs to be done, in addition to the Department's existing provision, if Northern Ireland is to achieve the Strategic Goals articulated in this Strategy.

The necessary additional 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.

## **THE ROLE OF STAKEHOLDERS**

The requirement that 'more be done' is evident throughout the analysis contained in this document 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.

All stakeholders must consider the role they are prepared to play to ensure Northern Ireland has the workforce it needs. 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.

As such, this strategy requires commitment from all stakeholders, including the public sector, to consider firstly, how they can contribute to the strategic goals and secondly, what actions they are prepared to place at the forefront of their own business activity.

The cost of training will continue to be shared between the individual, the employer and the state to reflect the benefit gained. The split of funding will be reviewed following the outcome of the budgetary process.



## **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>2</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>3</sup>

The Northern Ireland Executive’s Programme for Government (2008-2011) 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>4</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>5</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) and to 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.

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.

2. ‘All-Island Skills Study’, 2008

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

4. Programme for Government, 2008-2011

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

NQF/QCF/FHEQ <sup>6</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 Essential Skills Level 2	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**

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.

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>7</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”.

6. 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)
7. ‘The importance of qualifications in achieving high wages and productivity’, Graham Gudgin, Labour Market Bulletin 21, March 2008, Chapter 13

As noted in the Department of Enterprise, Trade and Investment's Economic Bulletin 2007<sup>8</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".

### **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.

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 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).

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

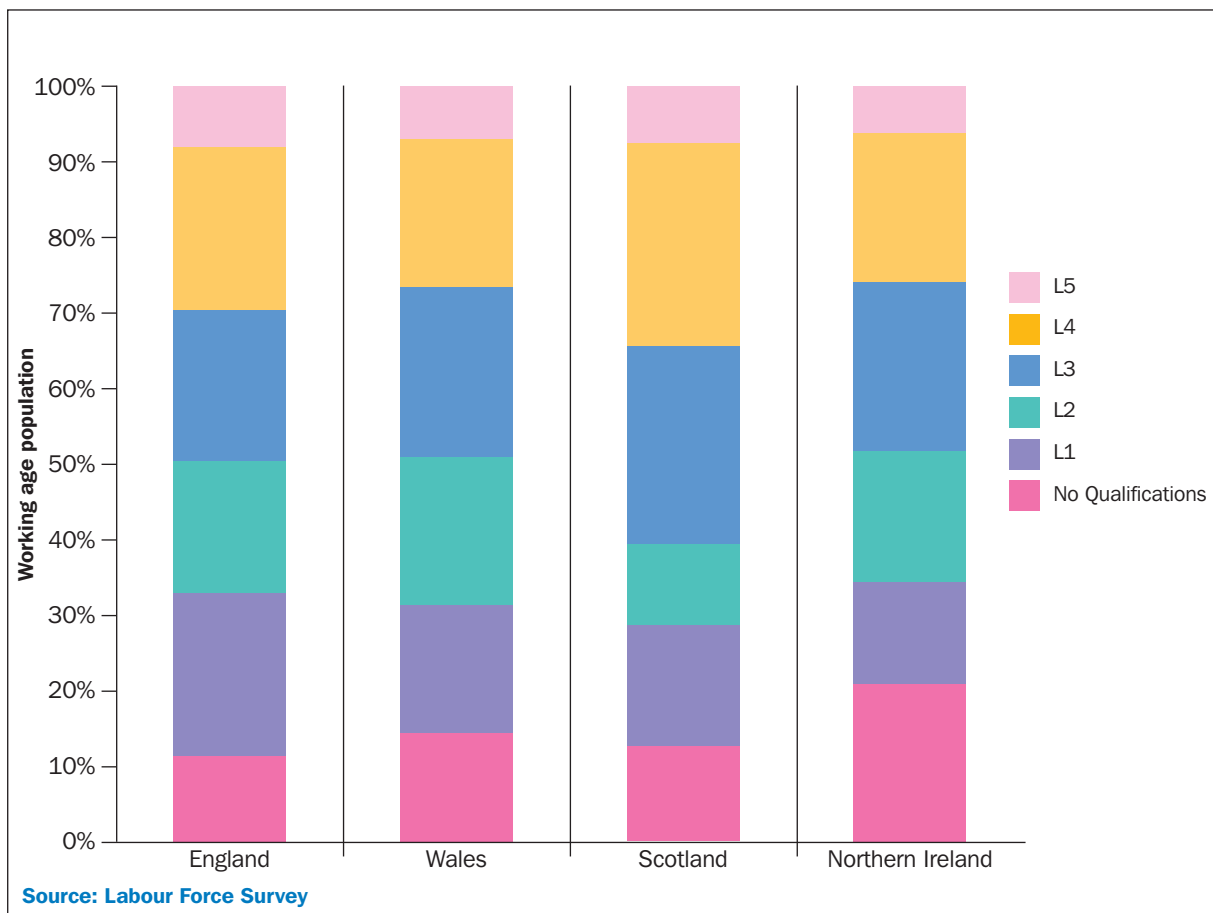


Figure 3.2: Qualifications of the working age population by UK region (Quarter 1, 2009)

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>9</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>10</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>11</sup>.

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 encouraged, 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 encourage business growth and attract inward investment and innovation: the importance of the recent review of STEM is pivotal in this context.

9. Labour Force Survey

10. ‘2007/08 Destinations of Leavers from Higher Education Survey’, Higher Education Statistics Agency

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

## **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.

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) and employers (for providing information when recruiting workers) and for measuring the skill levels of the workforce.

## 4. 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'.

### 4.1 How the future economy may look

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

#### 4.1.1 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".

#### 4.1.2 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.

## **4.2 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.

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

As the figure 4.1 shows, under the aspirational scenario the proportion of those in employment with qualifications at Level 4 to Level 8 will need to rise to 52% in 2020 from 33% in 2008<sup>12</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>13</sup>.

12. Labour Force Survey

13. Northern Ireland Statistics and Research Agency

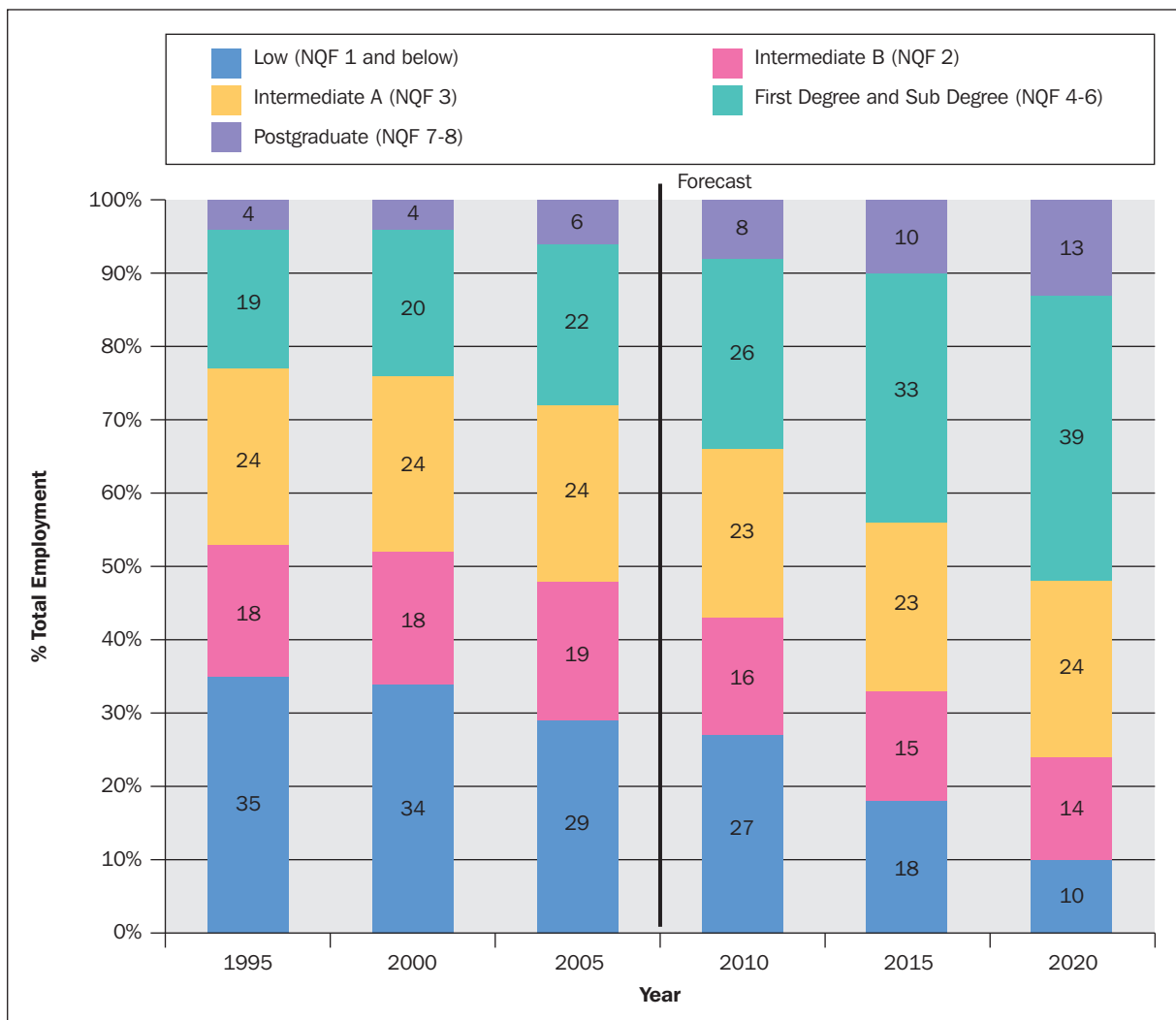


Figure 4.1: Qualifications of persons in employment - aspirational scenario

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>14</sup>. Although it is anticipated that

14. Labour Force Survey

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 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.

While there is no doubt that the immediate economic challenges and fiscal constraints will impact on both the skills the economy needs and Government's ability to facilitate the development of these skills, it is important that the long term strategic focus is maintained.

This establishment of targets for 2020 is effective as a means of setting a longer term focus however, given the anticipated changes in economic and employment landscape, there is a need to ensure that the targets and activities to achieve them remain flexible and responsive. This will enable a quick response to economic developments and changes to the skills landscape.

Using the Oxford Economics aspirational scenario gives the following long term strategic goals.<sup>15</sup>

#### **Strategic goal 1:**

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

#### **Strategic goal 4:**

To increase the proportion of those 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 from a baseline of 18% in 2008.

15. 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, stakeholders contribute fully and that achievements in the school sector are realised.

### **4.2.2 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>16</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.

### **4.2.3 The need to reduce subject 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.

Northern Ireland currently has an above average<sup>17</sup> (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>18</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 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;

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

17. Oxford Economics

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

- law;
- creative arts and design<sup>19</sup>; and
- languages<sup>20</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.

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

Oxford Economics research and the ‘Management Matters’ report<sup>21</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.”

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>22</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.

Analysis shows<sup>23</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>24</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

19. 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’

20. In the context of building our competence for exporting

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

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

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

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

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>25</sup>. Leitch also comments that “skills must be effectively used for their benefits to be fully realised”.<sup>26</sup>

Figure 4.7 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.

#### **4.2.5 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.

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

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

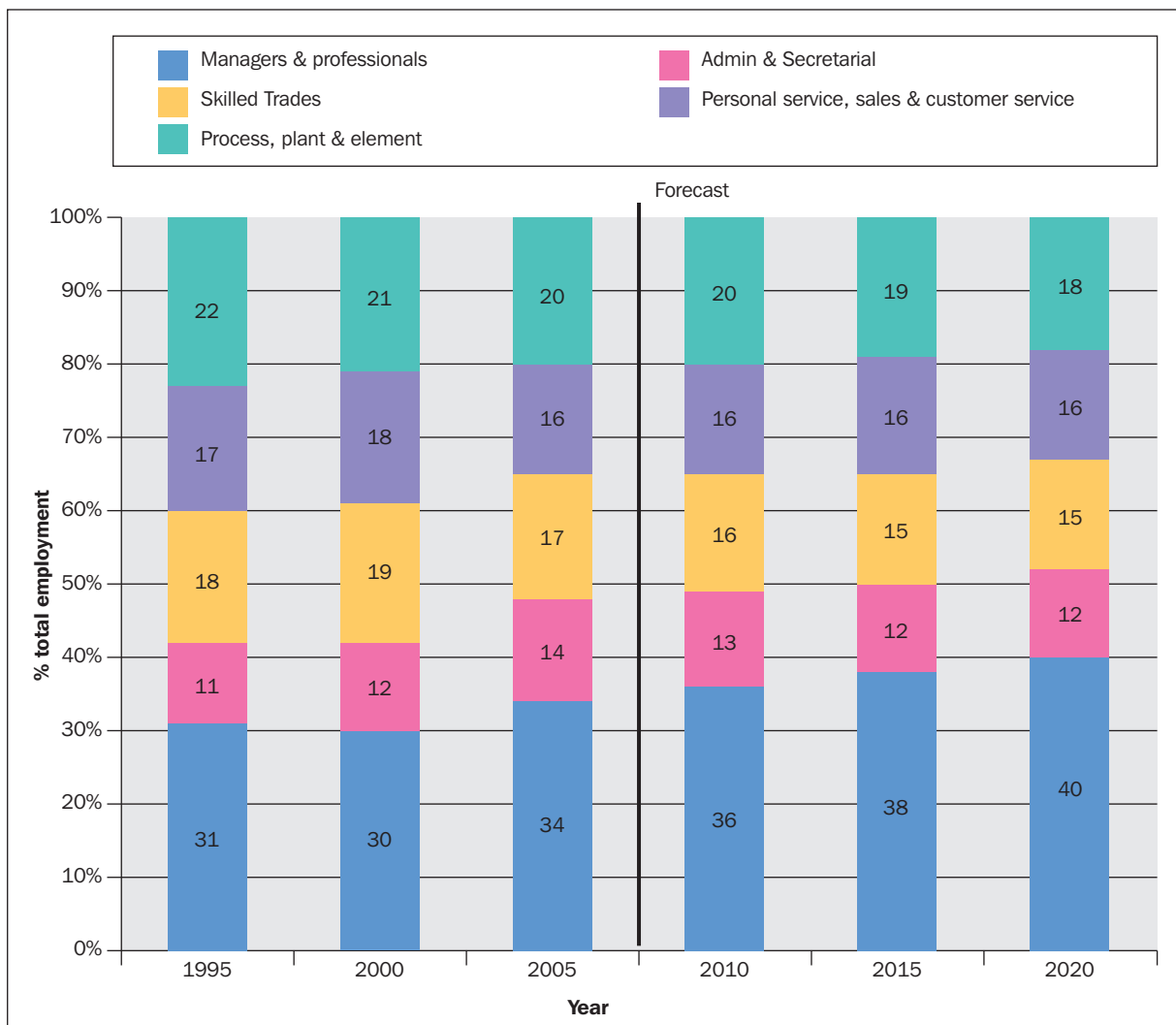


Figure 4.7: Trend in occupations (aspirational scenario)

Aiming to attract highly skilled people to Northern Ireland to help boost the skills of the region is a view supported by the Independent Review of Economic Policy which states “As Varney remarked, the challenge at the higher end of the skills spectrum is ensuring 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. On the basis of our own analysis, the Review Panel would reiterate the same message – the challenge is to stimulate private sector growth in NI to retain, and attract, the most highly skilled. The recommendations contained throughout this report have been framed with this goal in view.”

Typically over a quarter<sup>27</sup> of Northern Ireland domiciled students leave each year for higher education in Great Britain. Recent research evidence<sup>28</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>29</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.

27. 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

28. 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)

29. 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 subject 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.

## 5. 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 the 'Success through Skills - Overview of Projects and Progress to date' document.

### 5.1 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 was established to help 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".

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.

Focusing on the needs of individuals, the development and implementation of the joint Department of Education/Department for Employment and Learning strategy, 'Preparing for Success', has provided a framework for the effective delivery of all-age careers education, information, advice and guidance to support young people and adults to make appropriate decisions in relation to education, training and employment.

The Department delivers employment programmes and services via a mix of public, private and community and voluntary sector provision. Links with the community and voluntary sector include appointments as lead contractors, sub contractors and providers of work experience placements. The Department will work with this sector to provide training for those people who are particularly far from the labour market and to facilitate more opportunities for placements and volunteering in the workplace which will help to assist individuals into work.

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.

## 5.2 The skills profile of the workforce

### 5.2.1 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>30</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>31</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>32</sup>

In 2008, an average of 65.6% of the working age population were qualified at Level 2 or above<sup>33</sup>.

Whilst the number of people qualified at Level 2 qualification can be seen to be rising in figure 5.1, 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.

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

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.

30. 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

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

32. 'Skills Strategy for Northern Ireland', November 2004

33. Labour Force Survey

### 5.2.2 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>34</sup>.

In 2008, an average of 48.5% of the working age population had a National Qualifications Framework Level 3 or higher qualification<sup>35</sup> (figure 5.2).

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

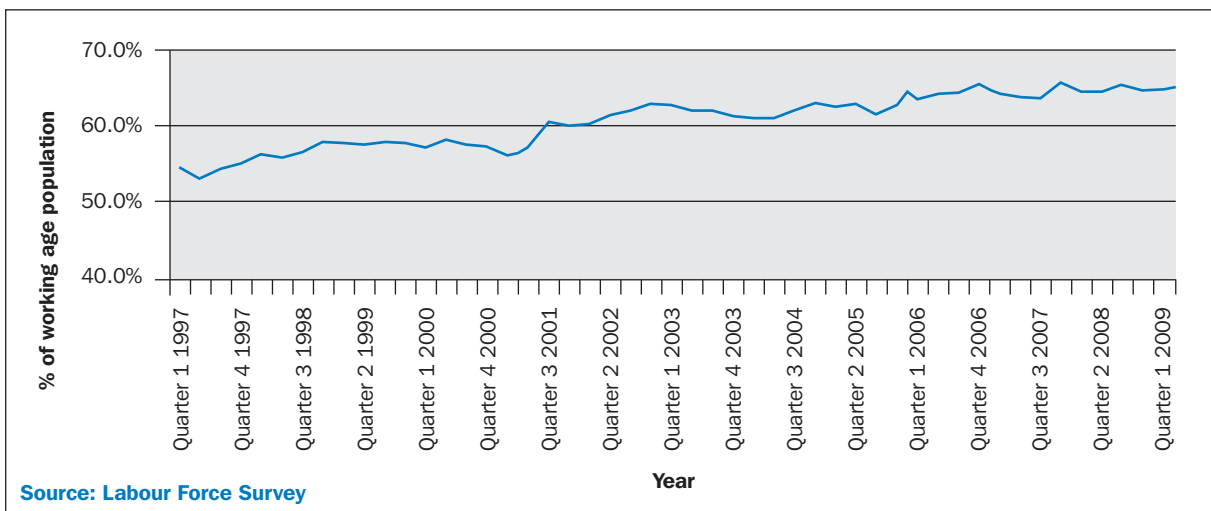


Figure 5.1: Percentage of the Northern Ireland working age population qualified to Level 2 and above: 1997 – 2008

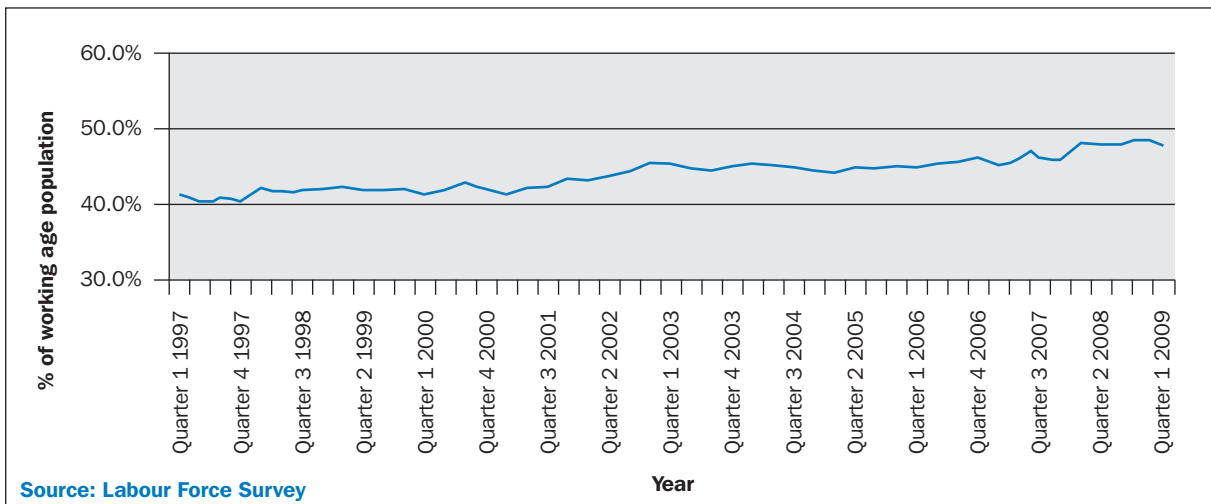


Figure 5.2: Percentage of the Northern Ireland working age population qualified to Level 3 and above: 1997 – 2008

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

35. Labour Force Survey

## **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.

## 6. 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 if the aspirational strategic goals of the Strategy are to be met. The Strategy demonstrates what **needs** to be done; the level to which it **can** be done will be largely determined by fiscal constraints.

The subsequent Implementation Plan will include details on individual projects, costs and timescales.

It should also be noted that UK wide activities such as the Reform of Vocational Qualifications, introduction of the Qualifications and Credit Framework, and the review of the UK Commission for Employment and Skills and Sector Skill Councils will continue to be implemented outside of this Strategy. The Department will remain cognisant of the impact and opportunities offered by these developments.

The outputs from the Department's existing provision (further education, higher education, Training for Success, apprenticeships and essential skills) will continue to make the largest contribution to the attainment of the four Strategic Goals. **Their exact contribution will be closely monitored over the implementation of this Strategy** and changes will be made accordingly.

However, much more needs to be done, **in addition to the Department's existing provision**, if Northern Ireland is to achieve the Strategic Goals articulated in this Strategy.

The necessary additional 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.**

### 6.1 Understanding the demand for skills

#### 6.1.1 Simplification of the Department's demand side advisory infrastructure

The Department will work to simplify the current skills advisory infrastructure so that employers are able to more effectively articulate their current and future demand for skills to the Department.

**Impact:** This will have a direct impact on the Department's ability to work with other stakeholders to put in place appropriate interventions where necessary.

### **6.1.2 Harnessing labour market information**

The Department will examine ways in which to ensure that existing high quality labour market information, including current and future employer demand and future trends, is widely available, in a way which is meaningful, to career advisers, career teachers, parents, the unemployed, job changers and school leavers.

**Impact:** Those people making subject and career choices will have access to relevant labour market information. This will lead to an improved match between the skills of the workforce and the skills employers need.

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

### **6.2.1 Placements and scholarships**

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.

**Impact:** An increased number of students will have the opportunity to establish links with local business.

### **6.2.2 'Assured Skills' pilot**

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.

**Impact:** Improve the 'offer' to potential investors and increase the chances of attracting investment to Northern Ireland.

### **6.2.3 Skills delivery model for Matrix**

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.

**Impact:** An increased supply of people with higher level skills to work in these sectors.

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

### **6.3.1 Expansion of Foundation Degrees**

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. The Department will work with the universities to align the qualifications they offer to the needs of employers.

**Impact:** A clear progression route to higher level skills.

### **6.3.2 'Skills Solutions' Service**

Through the Skills Solutions service, the Department will introduce a single point of contact for employers so that they can more easily identify and access the support they need from the Department.

**Impact:** A renewed focus on provision leading directly to first time qualifications and re-skilling for part qualification at Levels 2 and 3 for employees.

### **6.3.3 Accreditation of prior experiential learning**

The Department will examine ways in which to accredit the existing skills of experienced workers and take forward a number of sectoral pilots to inform future policy in this area.

**Impact:** An increase in the number of people in the workforce having their skills recognised by formal qualifications.

### **6.3.4 Increase skills in certain subject areas**

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.

The Department for Employment and Learning will implement the actions within the Government STEM Strategy that are its responsibility.

**Impact:** An improved match between the skills of the workforce and the skills employers need.

### **6.3.5 Integrated framework for management and leadership provision**

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 and how they could better utilise the skills of their workforce.

**Impact:** An increase in the number of people gaining skills in management and leadership.

### **6.3.6 Skills utilisation**

The Department will work with local businesses, in particular SMEs, to encourage them to better utilise the skills of their workforce.

**Impact:** Improved utilisation of skills leading to increased company performance.

### **6.3.7 Recognise more training by companies**

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.

**Impact:** 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.

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

As the economy recovers, the Department will give consideration to a demand led focused campaign which will 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.

**Impact:** An improved match between the skills of the workforce and the skills employers need.

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

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

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 avail of the opportunity to be trained and gain qualifications so that they not only retain employment but also move up the skills ladder.

**Impact:** An increase in the number of people completing qualifications as they move from benefits into employment.

### **6.4.2 Employability skills**

Responding to employers' concerns in relation to the employability skills of those people wishing to enter the workforce, the Department will consider how it can build on the existing activity in this area.

**Impact:** An improved match between the skills of the workforce and the skills employers need.

## **6.5 Engaging the stakeholders**

### **6.5.1 Marketing**

The Department will work with industry, in particular local SMEs and microbusinesses, and other stakeholders to highlight the provision it offers and the benefits of this provision.

**Impact:** Increase awareness of existing provision with a view to increasing participation in training.

### **6.5.2 Skills collaboration**

Where there are critical skills shortages in sectors of economic importance, the Department will encourage employers to work in collaboration with the relevant Sector Skills Council to put in place innovative interventions to address this need. This work will build on identified best practice models of collaboration with employers in Northern Ireland, such as the Future Skills Action Groups.

**Impact:** An improved match between the skills of the workforce and the skills employers need.

## **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**

- Placements and scholarships
- 'Assured Skills' pilot
- Skills delivery model for Matrix

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

- Expansion of Foundation Degrees
- 'Skills Solutions' Service
- Accreditation of prior experiential learning
- Increase skills in certain subject areas to reduce sectoral imbalances
- Integrated framework for management and leadership provision
- Skills utilisation
- Recognise more training by companies
- Attracting skilled people to Northern Ireland

### **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
- Employability skills

### **Engaging stakeholders**

- Marketing
- Skills collaboration

## **7. 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 6 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.

### **7.1 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 this Public Service Agreement 2 (Figure 7.1).

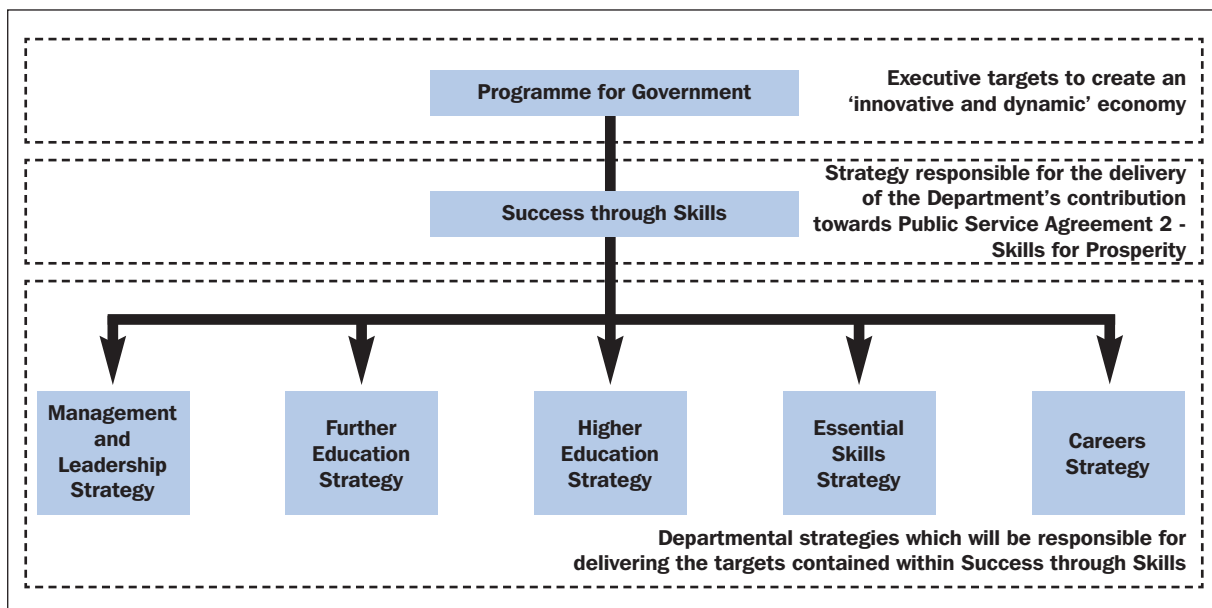


Figure 7.1 Department for Employment and Learning’s Public Service Agreement 2 delivery structure

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.

## **7.2 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 will have a greater role to play in determining priority qualifications for their sector.



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>36</sup> showed that whilst the type of training employees undertook in this period changed, employers were equally, if not more so, committed to training.

### **7.3 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.

36. 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 the Strategic Goals are 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.





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