



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Inquiry into Careers Education, Information,
Advice and Guidance in Northern Ireland:
Etain Software / NIE / CBI Northern Ireland
Briefing

6 February 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Basil McCrea (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Sydney Anderson
Mr David Hilditch
Mr Fra McCann
Ms Bronwyn McGahan

Witnesses:

Ms Kirsty McManus	Confederation of British Industry
Mr Peter Shields	Etain Software
Mr Gordon Parkes	Northern Ireland Electricity

The Chairperson: I invite the witnesses to address us. Kirsty, will you introduce the team? I am really sorry that things dragged on a wee bit, but interesting issues came up that members wanted to talk about. We are pleased to have you here.

Ms Kirsty McManus (Confederation of British Industry): Good afternoon. I am Kirsty McManus, assistant director at the Confederation of British Industry (CBI) in Northern Ireland. With me are Gordon Parkes, who is NIE's HR director and our representative on the careers advisory steering group; and Peter Shields, Etain Software's CEO. I thought that it would be interesting for the Committee to hear first-hand views from the business community about where we see opportunities for improvement in careers advice. Without further ado, I will pass over to Gordon.

Mr Gordon Parkes (Northern Ireland Electricity): Chair and Committee members, thank you for the opportunity to present our views on this issue. We are aware that time is short. We will set the scene by saying a few things at the beginning, but the questions and answers will be the most valuable part.

As you have heard many times, the context, on the one hand, is an economic downturn with unacceptable levels of unemployment; yet, on the other hand, many employers — we have two of them in the room — are experiencing skills shortages. We want to give you two views on how skills shortages manifest themselves in practice. How can we say that the careers strategy is delivering when we have skills shortages and, at the same time, people who are unemployed?

We believe, from all the work that we have done, that effective careers guidance starts and can be strongest at the earliest stage with parental influence and at primary school. It is also where there are weaknesses in the current process. Early intervention is not yet happening. The curriculum has been redesigned, and that was a very good piece of work. However, when we look at what is happening in practice and how we measure schools and teachers, we suggest that a great deal of work needs to be

done. We will come back to that in our discussion later. Just to set the scene, there are more than 84,000 employers in this part of the world, 97% of whom have fewer than 50 employees. The reason we are stating that is that those employers tend to be much more informal in their processes. How they recruit people tends to be informal, and when they look for young people they tend to look particularly for experience. Therefore, there are issues relating to 97% of employers employing fewer than 50. Two hundred and seventy-five employers have more than 250 employees; they are the larger employers. They have a role to play in the supply chain and in educating and helping small businesses to engage more in the process. We will be saying more about that.

The profile of Northern Ireland and of employers in this part of the world, and the fact that 97% of them are small, is one of the key difficulties. No matter how much work we do on it, getting that group to engage is the key challenge. There will be some thoughts on that also.

Labour market information is key. If you go to the DEL website you will find labour market information, but it is hidden away in a little box labelled "statistical information". It is there; it is good information and a good piece of work. However, if you look at labour market information on other websites, type in the question; "where will jobs be in the future?" and go to Scotland, you will get a whole raft of information about where jobs will be in the future. We thought that it would be helpful to outline to the Committee the CBI's view of where the new jobs — not replacement jobs — will be in the future. The projections to 2020 in the CBI's current research suggest that there will be circa 10,000 jobs in the ICT sectors; 7,500 in the agrifood sector; about 6,000 in health technologies; 1,700 in advanced manufacturing; 21,000 in tradable services; 10,000 in tours, 11,700 in creative industries; 1,600 in green tech; 7,000 in renewables, power and energy; and circa 49,000 induced direct jobs as a result of consumer spend. That is about 125,000 jobs. Is that labour market information available so that young people can see where jobs will be in the future? No, it is not.

The Chairperson: Over what timescale are you looking at that into the future?

Mr Parkes: Sorry, I thought I had said that. It is the period to 2020.

The Chairperson: And you are emphasising that those are new jobs as opposed to replacement jobs.

Mr Parkes: That is important information that young people need to have. Where will the jobs be in the future? It is also important information for parents. A great deal of work is needed in that area to ensure that labour market information is much more accessible and available, that it sits in the website and is much more clearly identified for the normal user.

We thought that we would start by giving you two case studies, one from a large and one from a smaller employer — one with 250-plus employees and one with fewer than 50. I will give you the Northern Ireland Electricity story first. We provide, maintain and run the electricity grid; we take electricity from the generators and transport it to the suppliers. We are effectively building and maintaining all the wires and poles. That is what our workforce does. We employ people all over the North, and we have three training centres — one in Derry, one in Ballymena and one in Craigavon. The power sector that we sit within faces substantial skills shortage, and there is a great deal of research on that. The National Skills Academy for Power's latest piece of work states:

"The UK Power Sector is facing an issue that ... threatens the continuity ... of the country's electricity supply",

and that an imminent shortage of skills exists.

That is very real for NIE, because our labour market used to be purely —

The Chairperson: Can we make sure that we get a link for that document?

Mr Parkes: Yes; it is from the National Skills Academy for Power, from November 2010. I can forward it. How does that manifest itself for NIE? We used to be able to rely on our employees living and working here; now they get job offers not only from all over the UK but from all over Europe. That means that we could lose all our substantial investment and training to other parts of the world. On the one hand we have significant demand; on the other, the supply of people coming through with the right skills is not there. I want to deal with that on two levels: the graduate and higher skills level; and the apprenticeship level.

It is important to outline the reasons why there is a skills shortage. The sector has an ageing workforce: 30% of the workforce can retire in the next 10 years. Not only are the people ageing, but so too is the infrastructure; it is over 40 years old. It needs to be replaced right across the UK and Europe, and we are no exception. As you are aware, there is a growth in renewable energy, and there is the issue of sector attractiveness: young people do not see this as an attractive industry in which to work. That is our problem, and we are already doing a great deal to fix it.

All those factors combine to create problems. In a standstill situation over the past five years, when we did not want to grow our workforce, we had been going out to recruit half a dozen electrical engineering graduates. Over that period, we are 15 short. That is a relatively small number, but it is 15 important, high-skilled jobs that we were not able to fill in what was a standstill situation before we moved into the situation we are in now, in which skills shortages become acute because of the workforce and network profiles.

We cannot achieve the level of graduates that we need. We are working closely with the universities, and they have been working with us. We have developed scholarships, and that will help for the future. NIE now sponsors people from their first year at university, right through. That will help, but it takes two, three or four years to come through. However, some of those initiatives are very new — many have been happening within the past two to three years — and they have not yet affected the employment profile.

Queen's takes 70 undergraduates into electrical engineering, and it is working that on the demand profile. However, people find the degree very difficult, and they struggle with maths. There can be a 20% fallout, so of those 70 people we lose 20%. Coming out the other end, our sector — the people who are interested in power — is likely to get five or six. For the three years that I have been part of the careers steering group, I have been doing outreach presentations to young people, right back into the school sector. Coming out the other end of the university, we still find that there are five or six young people who are skilled at graduate level. We set the bar very high; we are looking not only for technical skills but for interpersonal and employability skills. Of those five or six, we usually end up with two or three with the right skills. The two or three that we take are world-class. They are fantastic, but we need more of them, and the system needs to help us to deliver more of them.

The Chairperson: How much do you offer a graduate engineer?

Mr Parkes: Twenty-five thousand pounds for an electrical engineering graduate; a non-engineering graduate gets £10,000 less. The salaries that people can earn in this sector are extremely attractive. I am not sure that young people and their parents fully appreciate that.

I move now to the gaps in graduates. Last week, we launched an apprentice-to-graduate programme, which sponsors our best apprentices to allow them to become graduates. That will help us to bring people through the apprentice route. We do not have the same skills issues and shortages in our apprentices, but it is interesting to listen to the statistics. In the past two years, we have taken on 50 apprentices. We had more than 4,000 applications over two years for those 50 apprenticeships. Last year, 300 of the 2,000 applicants did not bother to complete the paperwork and the on-side information that was needed. Previously, we had complaints that it needed to be online. We put it online, but, still, 300 people did not bother. Another 300 to 400 did not turn up for the aptitude tests for basic skills in numeracy, literacy and mechanics. Of the 1,700 people who sat those tests, 600 came through. When we put them through the practical test, we got 200 people, whom we interviewed. Of the 200 that we interviewed, we got 45 with whom we were very happy. That was 45 out of 4,000 — just over 10%. We can afford to be choosy, because the jobs that we offer are, potentially, jobs or careers for life, not necessarily with us, but in the sector generally.

There are, therefore, issues with regard to how the system is delivering employability skills for employers, and we are prepared to give the person the technical skills through an apprenticeship.

The Chairperson: I am interested in that bit. I do not know how we want to do the structural bit. The apprenticeships issue is fascinating, and we will deal with that as well. Perhaps you are just not offering graduate engineers enough money. What would happen if you were to offer them £40,000? You are talking about world-class engineers.

Mr Parkes: It is a very good question and a very good point. We benchmark our salaries in the local market and across the UK and Europe. As a result, £25,000 is about to become £27,000, which is the

current market rate. Your point about whether that is enough is valid. We have to be mindful that we have to keep ourselves competitive in world markets because —

The Chairperson: I just think that we totally undervalue engineers. What is the comparative starting salary for a policeman? I am sympathetic to the need to train up. If people have globally transferable skills, then we are competing in a global market. You just have to pay the price.

Mr Parkes: I agree. We are subjected to that market demand. The key thing is that people are prepared to take a slightly lower salary to start with, provided that we can offer them a career progression and do it quickly. We are doing that.

The Chairperson: A couple of thousand pounds in salary to a graduate who is starting out is nothing to an organisation such as the NIE. You could be talking about someone who will build £1 billion of infrastructure on the grid. The risk to the project is that you do not have skilled labour. I am just making that point.

Mr Parkes: It is a very valid point. We accept it. We have a commercial pressure on us. Inaccurate labour market information is being given to us and we are being told that we are paying our people too much. We have to win that argument.

Mr Anderson: You need to tighten your belt, Chair.

The Chairperson: The way things are going, Sydney, I might need to. *[Laughter.]* We will just leave it there.

Ms McManus: The issue is about supply and demand. There continues to be an oversupply of teachers and law graduates. I spoke to two law firms this week. They have six places and 150 applications. The message is not getting out that there are career opportunities in those sectors. We should not have 70; we should have 700.

The Chairperson: We have had a problem with engineers since I was a graduate engineer, which was a wee while ago. Engineers add value. There is an issue. It is the law of supply and demand. People should be paid the professional rate for a professional job. They are critical to the infrastructure of our society. I am not being overly critical, but we need to take a longer-term view. The fact is that we were not recruiting in the industry for a period of time. Power and transmission engineering look fairly boring, but you could suddenly realise that the grid or something at Ballylumford needs to be replaced, and people will then wonder, "What happened there?" We have to take a long-term view on careers, and industry has to play its part in doing all of that. Gordon, back to you.

Mr Parkes: I will hand over to Peter to give his case story. We will then come back to what we are doing about some of that stuff.

Mr Peter Shields (Etain Software): I think I would like to reskill as an engineer in that industry. I own and run a local software development company called Etain. We have been going for 13 years. We are indigenous; we are self-owned; we have no investors, and no externals influence us. Our growth over the past 13 years has been relatively slow. We have 41 staff, of which 36 are technical software developers.

Our client base includes Sainsbury's, the Co-op and Morrison's. We work with six banks across the UK and Ireland. Eighty per cent of our costs are staff costs. We are a people business; we do not have any other material coming in. Our average salary is about £32,000. Our starting salary for a graduate is £22,000, as they come out of college, but that will rise quickly. Within about three years, they will certainly be close to £30,000 if they are capable and competent. The average age of staff in the company is about 27 — I probably lift that. All of our staff are IT graduates, bar one, who has no A levels but is probably one of our top technical developers. Graduate level is not essential, but it is slightly.

Last year, 40% of our business was outside Northern Ireland. A comment made earlier about the engineering sector also applies to the IT sector: why do you not pay more? We have become inflationary. The ability to compete on a national and international stage becomes a greater difficulty for us. Although we are starting to push outside the boundaries and into the wider economy, we can quickly become uncompetitive in that space.

Last year, we increased turnover by about 17%; so, in a recession, we have grown significantly. We had a net increase of seven staff — in the 2012 calendar year, we took on 10 and lost three. I do not have the figures for last year, but, in 2011, the equivalent of a third of our profit from 2010 was spent on recruitment fees. We are throwing money into a service industry that is adding no value to us, because we cannot source staff.

The Chairperson: Peter, you do not have to tell us, but what is the quantum of what you are paying in recruitment fees?

Mr Shields: It depends on the agency. It is between 15% and 17%.

The Chairperson: As a quantum out of your business, is it £100,000 a year, or what is it?

Mr Shields: In 2011, we spent in the region of £40,000 on recruitment fees.

The Chairperson: OK

Mr Shields: As far as our plan for this year is concerned, I could take five new development staff now if we had them. We have long-term clients in particularly attractive sectors, such as banking, who want software developed now, and we are having to avoid them. We cannot service them in the timescales that they want. I have to accept that the quality of staff is also limited, so the problem is not only with quantity but with the quality of staff coming through. We will bring on additional staff, but we recognise that we will lose some of those staff simply because they do not have the skills and capability. They may have a degree and the qualifications, but they do not have the core competence to be technical software developers. Our plan over the next three years is to grow. We have 41 staff now, and we plan to have around 70 staff by the end of 2015. We have growth plans, and we are significantly inhibited in being able to carry those out and achieve them simply because of the supply-and-demand issue.

Mr Parkes: In my role, I also sit on the careers strategy group, and I have been able to influence a number of initiatives in that group over three years. Our view of the careers strategy is that, at the level of initiatives and as a strategy, it is relatively sound. We would like to see improvements in the implementation of the strategy, specifically back into the school sector.

The latest initiative in communities that has been launched is a guide produced for parents. You have heard many times about the importance of parents. In my organisation, I talked to 20 of our employees who have schoolchildren in the four-to-11 age group. Only two of them, 10%, had seen the guide. So, we are good at getting initiatives and reports, but the key now is the implementation, getting it out there, and making it much more user-friendly. All of this information is on the DEL website: if you know where to look, you can find it, and it is very good. I am in the middle of this, and I like to think that I am fairly skilled at finding my way through it, but there are 10 different routes by which you can go on to the careers website. The issue is about how it is currently structured.

There has been a lot of talk about the curriculum. The curriculum, as it sits for four-to-11-year-olds, has a whole section on careers education, information, advice and guidance (CEIAG). One of the sections on language and literacy involves interviewing family and community members about the workplace. Again, from a test of 20 of my employees, I know that not a lot of that has been happening in their schools for their children. So, the curriculum is good and is there, but the problem is how the current process measures the outcomes of schools and teachers' and head teachers' objectives. This can be voluntary, and lots of schools are doing it well, and lots of schools are doing it badly. We work with many schools across the North. At best, what we have is patchy — from a role model, where there are excellent pieces of work being done, to those who do not engage whatsoever. The engagement is not measured. It has been measured in England, where a study was done by KPMG entitled 'An Evaluation of Education and Employer Partnerships'. That study showed that 66% of schools at primary and secondary school level had limited, intermediate, or no engagement with employers. We suspect that the situation is fairly similar here, and the CBI is currently seeking, through its membership, to sponsor a study of that engagement here. We all have anecdotal evidence, but this has never been studied practically, and we think that this is something that will help.

The Chairperson: I want to put a challenge to you that should not to be viewed negatively. In the past, industry took responsibility for training its own apprentices, and Harland and Wolff trained loads

of people. At some stage, however, it discovered that it was a good idea to shift the costs of training from industry to government and started to look to colleges or universities to do that. The net result is that we have now run out of people. I wonder whether industry in general feels that it ought to start doing it not only for its own needs, which will be periodic, but to invest in careers advice. In other words, Gordon, should your industry grouping not do that? If it already does, how much does it spend on primary and secondary schools and on saying, "this is what a job looks like"?

Mr Parkes: We invest heavily in that.

The Chairperson: How much is heavily?

Mr Parkes: We have three fully-funded training centres with which we run our apprenticeships. We get welcome support from DEL, but, should that support disappear, we will still, as an organisation, run those apprenticeships.

The Chairperson: I am not talking about apprenticeships. You say that the key bit is parents. You have held up the DEL thing and said: "This is excellent, but nobody is doing it". My challenge is this: why is industry not doing it? I will deal with software engineers in a moment. Why is nobody saying: "This is the career; we have to invest further down the funnel?" You cannot just wait and hope that something will come out of a university, because people are making decisions much earlier.

Mr Parkes: I accept what you are saying, and the answer is that we are doing it. In my role, over the past three years, I have spoken to probably 80% of careers teachers and careers advisers. My organisation has 25 people devoted to outreach and has a whole section on outreach initiatives. That is a key part of our CSR strategy for the future.

The Chairperson: I have two key points. You are a large employer, but you have already said that the bulk of employment in Northern Ireland is from SMEs, which are probably not able to convey that they have opportunities. Umbrella organisations such as the CBI need to take up the slack, because we all need a vibrant employment market. I will leave that with you, because I want to bring in colleagues.

Peter, there is a worldwide demand for software engineers in your industry. Why do you not just pay them more? A graduate software engineer will earn you a fortune, so why do you not pay them £40,000 a year out of university? You are competing in a global market, and you will make profit out of it. It is supply and demand.

Mr Shields: Can I answer that in a second and answer the previous question first? Even though we are a small company, we engage with schools in the IT sector. Two schools, Grosvenor Grammar School and Glengormley High School, come to us for lectures. We have a sponsored student in the first year at Jordanstown who we bring into the organisation on a day-release basis. We are trying our best to make it attractive. It is an initiative on its own. It is not co-ordinated but is simply one organisation making an initiative. There is maybe a lack of co-ordination.

The Chairperson: I talked to Momentum, and I am supportive of it. I have a degree in IT, and I have run a software company. You are sitting here telling me that you cannot recruit sufficient people; that whatever the industry is doing is not working, and that you are not getting sufficient people in. Invest NI tells us repeatedly that it has all sorts of inward investment opportunities if we only had the engineers. I know that there is an inflationary cycle, but we are living in a global market and people have transferable skills. Once you have three to five years of software engineering behind you, you are eminently employable elsewhere. We have to raise the market. Why does that not work?

Mr Shields: Our market place is largely Ireland — Belfast, Dublin and Cork. We do some work in GB and America, and a bit in Australia. The knock-on effect of inflation on our wage bill will be felt by the rest of the economy, because we service the rest of the economy. So, that will be felt elsewhere as we pass on costs. Can I just come back to —

The Chairperson: I will tell you what I want you to do, now that people are starting to notice. If you would let me come back in a minute, because I do want to deal with the issues, but Fra wants to ask a question, so perhaps you will answer that and then take it in the round.

Mr F McCann: I do not know about the Chair raising the market, but he certainly cornered the market in the conversation that we have had up to now.

The Chairperson: Next.

Mr F McCann: It was a plea from the heart for an engineering job after his career here finishes.

The Chairperson: Thank you.

Mr F McCann: All of the stuff that you raised is interesting. A guy who runs an engineering company in Tyrone came in here a number of months ago and said exactly what you said. He put the blame directly on the choices made and the advice given by teachers in directing people into what would be called traditional education options, such as law, medicine and teaching. How do we get around that? You speak with enthusiasm about what is required. Many of the people who are delivering careers advice may not have that enthusiasm and may take an easy option. If anything comes out of this inquiry, what should we do to make it right?

Mr Shields: There is not one solution that is going to fix the whole thing. The Chairperson is right to say that industry has a role to play. I am an ex-chairman of Momentum, so I am very heavily involved in what Momentum has been doing. Momentum has had huge support from DEL. It has been excellent in the support it has given, as have DETI and Invest NI, but we are still not getting enough people coming through schools, and we have to make it attractive at that level.

Of all of the things that are happening, a lot of them are fragmented. There appear to be lots of things. We met about 10 minutes before we came in here, and we all had different statistics and different numbers. There is no one organisation or group that is pulling the whole thing together, be it cross-departmental, cross-organisational or whatever it might be, and that is responsible for it. We have a role to play. Industry cannot walk away from this. Industry has to make it attractive to schools, partner up with schools and be part of the solution. However, there is something at school level that means that kids are not choosing science, technology, engineering or maths subjects and are not pursuing those through to the open opportunities that DEL, further education and higher education are making available. That is a big challenge for all of us around the table.

Ms McManus: I will respond to that comment. I just read the statistic that, across the UK, 132 million working hours are wasted because employees and their skills are not best suited to the job. Ultimately, this ties in with having the right careers advice. We are calling for a more co-ordinated function so that if a business, particularly an SME, wants to engage with a school, it can go to a one-stop-shop and that engagement could be brokered for them. The CBI would be keen to play that role. I do not take the criticisms. I think that a lot of our businesses are quite passionate and are involved in the school system. That is why we need the evidence base to showcase that to you. I know that a lot of our members are on boards of governors or provide work experience. I will show you the evidence of that when we get the report. We ask for a one-stop-shop to organise this in a much more co-ordinated way. Why is the career strategy review not happening this year? Why are we waiting until 2014, when, clearly, we have skill shortages here that are happening and are live? We have youth unemployment of 20% yet we have industries here that cannot fill vacancies. The system is broken.

The Chairperson: Yes.

Mr F McCann: I represent the West Belfast constituency, which has huge problems in education attainment, social problems and things such as that. Do you interface with any schools in west Belfast to encourage them to take up careers in places such as the NIE or your own business?

Mr Shields: We have two schools, and in both of them the contacts have been personal. The daughter of the head of ICT in Grosvenor Grammar — which is one of only four schools in Northern Ireland teaching ICT — played tennis with my daughter. We had a conversation, and suddenly we had a connection. With Glengormley High School, it is simply because I went to college with the head of ICT there. The framework to allow us to hook into schools is not there; it is not strong enough. It is the personal connection that allows it to happen, but it is an initiative rather than a —

Mr F McCann: How do we mend it?

Ms McManus: We need more focus, particularly in those schools, and a more co-ordinated approach. Some schools have personal contacts with business at the moment and do a good job, but what about those schools in west Belfast or even in Derry that do not have those connections? Why are we letting them miss out on this opportunity?

We have numerous examples of where very successful CEOs have been invited back to their schools to talk, and that when the school reviews their records of achievement and see that that they failed their A levels they are disinclined. That happens in the school system. Furthermore, on a tour of a factory, the teacher may say, "This is where you will end up if you do not do well in your GCSEs". For schools, university is the only route, and they are not encouraging the entrepreneurial spirit or even apprenticeships. That is why we are quite strong in advocating a one-stop-shop that will broker deals between business, education and the schools so that not all schools are missing out, which is the case currently.

The Chairperson: In your submission, you mentioned earlier intervention. I am interested in how industry might help government address the problem. You need to talk to parents, because many parents do not have the wherewithal to talk about computing. It is a different generation, and you can even say the same thing about teachers, many of whom qualified when computing was still a stack of cards that you put through. For example, very few teachers really understand power transmission or those sorts of issues. There is an issue about how we say to people, "This is where the careers are".

Mr Anderson: Thank you for the presentation. I cannot get my head around this. As a big employer, NIE, you talked about an ageing workforce and about apprenticeships. If apprentices were brought into your company over a period of years, that should, in some way, have sorted out the problem of an ageing workforce. You said that 50 apprentices have been brought in in the past two years. How many were brought in 10 years ago? Were there 50 or were there none? Was it single figures?

Mr Parkes: We are constantly renewing each year with around 10 apprentices a year.

Mr Anderson: Was it never more than 10?

Mr Parkes: Two years ago, we brought in 40 in one year because of the need.

Mr Anderson: Was there a time when you brought none in, Gordon?

Mr Parkes: There was one year when we brought none in.

Mr Anderson: There was another year when you brought in about six, yes?

Mr Parkes: It tends to reflect the demand at industrial level for craft staff.

Mr Anderson: Was it a lack of vision at the time?

Mr Parkes: No. We have constantly brought in apprentices, and it is always based on the demand at craft level. I am talking about higher skills shortages, such as those for engineers and the people who design, build and develop the next pieces of infrastructure. That is where the skills shortages are, and apprentices become craft staff and they maintain that level. That is their role. Very few of our previous apprentices — less than 2% — have been capable of developing to the graduate level, but because of the economic downturn, we are now getting a higher level of apprentice, and more of them can now become graduates. The capability of the individual to move through to becoming a graduate in a high-skill area is where we are seeing the —

Mr Anderson: In past years, Chair —

The Chairperson: I want to support you on that, Sydney, and I have a specific fact. About three or four years ago, the Department for Employment and Learning did a special course to convert people into software engineers, and the uptake of jobs in the industry was 50%. The Department said, "You, the industry, told us that there is great demand and you, the industry, did not employ the people we produced". That is the same point that Sydney is making that, where there is inconsistent demand, central government has difficulty planning in those areas. If we train people — and it takes a lot of

public money to do that — you have to find some way of getting them to use their skills in our part of the world. Otherwise, they will choose not to do so or they will go somewhere else.

Mr Parkes: The point is valid. Every business, large or small, faces costs of £70,000 to train one apprentice, and, with every employee that we bring in, we have to justify it in our cost base, which has to be kept low. We went through a period of years of downsizing and have gone from 3,000 employees to 1,300 because that needed to happen to make us very competitive. We were a low-quartile performer and inefficient, and we are now a top-quartile performer and very efficient. From that efficient base, we can now begin to recruit people again.

Mr Anderson: Gordon, you are touching on exactly what is wrong here. I do not accept the point that, with apprentices coming through, we are finally getting the sufficient skills we need. With further and higher education and the different courses that people can do, they can become very skilled and very well-educated. There is no better person to get than someone who has an apprenticeship and who has perhaps also worked in tandem with further education, whether at HND or degree level. That is the class of person that you would want to have in your company. I know people such as that, and they do great jobs. There has been a failing in the sense that there has been a period in which apprenticeships have not been allowed to come through and acquire the sufficient skills in the numbers that were needed to put you, as a large company, in a better position today.

Mr Parkes: I agree with you generally. In this part of the world generally, apprenticeships have not been invested in. There are examples of companies — my own is one of them — that have continued to invest even in the difficult times, with only one year of non-investment in apprentices. I do not accept that point with respect to my employer, when we have made business cases to bring apprentices in when we were told that we should not. I accept what you are saying. I accept that it is an easy cost-cutting measure for businesses, but that is short-term thinking. In the long term, it has to be about knowing where the jobs are and investing for the future.

Mr Anderson: You touched on the point about employees leaving to bring their skills to other parts of the UK or wherever. Do you find that the apprentices you train up head off as well?

Mr Parkes: We now provide career progression for apprentices through to what is called technician level. That level is very marketable; yes.

Mr F McCann: This point probably applies to a number of employers. When you bring somebody in as an apprentice, you are not only skilling them up; that person will also have an inbuilt loyalty to the company, sometimes from when they join the company until they retire from that company. They build that experience. As Sydney pointed out, if you are not continuously replenishing that and bringing people in, there may be people coming in who are not loyal to the company but instead, as the Chair said, are loyal to the wage bracket that the company is offering for a short period.

Mr Parkes: Even in the current economic climate, when a lot of people are receiving job offers, we still have a low labour turnover. We have a loyalty from our workforce who stay with us because they see a potential career for life.

Mr F McCann: The purpose of this inquiry is to try to come up with recommendations that will allow us to deal with the issue. You interface with the universities and colleges. Do you see any reason for optimism with what is there now and what will come out in four or five years' time?

Mr Parkes: I see a lot of reason for optimism. I stated it earlier, and I will restate it. All the good initiatives to make this happen have come within the past three years. These things take time to work their way through. All the initiatives will begin to bring success. There is optimism. The key thing is the co-ordinated approach that we are talking about. Everything is too fragmented. We do not need another new initiative. We need all the existing initiatives to be co-ordinated through one central source. That source does not exist at the moment, but it can do so within the existing structures. Some restructuring is needed to make the whole thing more customer-focused, with the customers being the students and employers.

The Chairperson: I will draw it to a close, because I know that we have gone on a bit. I appreciate that you are here at the end of what has been a long session for us, but this is not the end of the story.

There are a couple of points, in particular, that I take on board. We need a co-ordinated approach. My challenge to that — which I mean as a call to have a debate — is that it is quite difficult for us, as a Government, to respond at the same speed as the private sector. If you do not have a continuous demand for young people with skills or older people with skills, we will have difficulty matching that demand.

Ms McManus: I do not know if you are aware, but the Department is now running three working groups on ICT, engineering and agrifood to address the skills shortages. We cannot continue to have these working groups. We need a more co-ordinated approach.

The Chairperson: I agree. However, you will understand that this is not the Department for Employment and Learning. We are the Committee for Employment and Learning with responsibility for oversight, which is exactly what we are doing. We will ask: what is the issue?

As both an engineer and a software engineer, I have a certain amount of sympathy with the issues coming forward. Last night, I was at a meeting of the Energy Institute. I could sit and talk to Gordon about the fact that the assets have been sweated for so long, that we will have to rebuild, that the regulator is telling us that £1 billion needs to be put into the grid to meet our renewables target, that the renewables industry says that we do not have any skills, that people say that we should go offshore, and that no one is telling us, in policy terms, whether we can really afford offshore wind as a carbon substitute. Those are all big issues.

What is emerging from our findings is the necessity to engage parents in decision-making and that it is important to start earlier in the chain; in primary schools, for example. There is also that we all have a social responsibility. In areas such as Germany, which seems to get it right, there are long-term commitments between trade unions, industry and government about how to do it. We accept that there will be ups and downs. Peter may or may not agree with this, but, as far as software engineers are concerned, the biggest problem was not really the downturn a few years ago but when Nortel went, when we had the dot-com boom and bust, and when everybody said that this does not work any more and went elsewhere. As part of a strategic framework for Northern Ireland, we need to identify the sectors that we think are growth sectors. It would be very helpful if you put down the jobs that you would like to do. We need to co-ordinate all the activities of government, whether it is DETI, DE or DEL, and our citizens to produce the skills that we need.

This session and all the other sessions have been reported by Hansard. We have asked people to tell us specifically what to do rather than giving us the flimflam that everyone is doing a terribly good job already. If we were all doing really well, we would not have a problem. We are trying to sit down and say specifically what would we like to do. You are invited to have a look at the report that was brought up and re-engage with us, and, if there is anything that you want us to take on, having read the Hansard report, we will do it. We are very supportive of the activities that you are doing already. We would just like to find some way of drawing what you know to be the right answer into government thinking. We will be your ally in that regard.

Thank you very much for coming. I understand that it was at the end of the session, but it is very important. We are serious about doing a good job on this inquiry.

Ms McManus: Thank you very much.