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Northern Ireland Assembly
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2 October 2009

Dear Sue

DEL ASSEMBLY COMMITTEE REPORT – INQUIRY INTO THE WAY FORWARD FOR APPRENTICESHIPS

1. Further to the Assembly Motion on 22nd June 2009 in respect of the Assembly Committee's report on an *Inquiry into the Way Forward for Apprenticeships*, this letter presents the Department's formal response to the report. For ease of reference the format below quotes the recommendation followed by the response. The Department commends the Committee on the timeliness of the Report as many of the recommendations are pertinent to the issues under consideration as the Department prepares to re-tender the contracts for delivery of ApprenticeshipsNI.
2. **Recommendation 1** - The Committee strongly recommends that the Department seeks to make Apprenticeships NI for 2010 employer-focused and configures the contracting process to make this possible, including measures that give employers or employer bodies more responsibility for

recruitment and the running of apprenticeships, and those which will encourage the involvement of SMEs. The Committee commends the work that the colleges have done in responding to the needs of employers and their primary focus should remain in the area at which they excel - the provision of directed training and certification.

Response - The current contracts for ApprenticeshipNI expire in March 2010. The Department is considering how it will commission training delivery for the next period and how the form of new contracts could help to improve the quality and experience of training for the apprentices and their employers. The Department endorses the need for employers to be fully involved in the recruitment of their apprentices and in the training that they later receive. The Department's consideration will look to improve that involvement and to remove any barriers that might prevent any employer becoming engaged in training. The Committee's comments in regard to employers and employer bodies will be considered as part of this work.

3. Recommendation 2 - The Committee strongly recommends that the Department engages with employers with respect to the introduction and enforcement of a minimum wage for apprentices and reviews the funding structure within Apprenticeships NI to examine:

- the options for greater funding at the start of apprenticeship programmes and for incentivising during programmes, particularly the move from National Vocational Qualification (NVQ) Level 2 to Level 3 when employers are likely to have higher costs;
- differential funding for apprenticeships where the training requires a higher level of specialisation and is therefore more costly; and

- targeting the support of apprenticeships where the skills will add value to the economy, as the Committee realises that resources are not unlimited.

Response - The Department's present funding frameworks contain weightings that recognise priority skill areas and the relative cost of training. A review of the funding frameworks for professional and technical training will be one of the strands of work undertaken in preparation for the new 2010 contracts. Employer incentives will be included in this review.

Following the Low Pay Commission (LPC) review of 2008/09 the LPC was tasked with further investigating the question of a minimum wage for apprentices. The LPC is carrying out consultations and has recently visited Northern Ireland to gather information from relevant stakeholders including local apprentices and the Department. The LPC is due to report in February 2010 and any recommendations it makes will be considered carefully in the Northern Ireland context.

4. **Recommendation 3** - The Committee strongly recommends that the Department engages with colleges and employers to broker more flexible arrangements for the delivery of the colleges' elements of apprentices' training, with particular regard to timing, location, cost and the structure of the training – part of this must be a review of the fees structure of Apprenticeships NI.

Response – In preparation for the 2010 contracts the Department will examine the structure of the current programmes and how changes to the training model might be effected to improve delivery. The Committee's comments on timing and location will be included. ApprenticeshipsNI training is delivered by a range of organisations which includes FE

Colleges and private sector organisations and others. Contracted training organisations are delivering a service for which they receive remuneration. The Department must work within the budget allocated to it and therefore must set the rate of recompense to reflect on one hand, what it can afford and what is an appropriate and fair rate for the cost of the training delivered on the other. While the cost of training will vary for each occupational area the current funding frameworks will potentially pay the same to all organisations. As has been mentioned already a review of the funding of training will be undertaken for the letting of the 2010 contracts.

5. **Recommendation 4** - The Committee strongly recommends that the Department examines the feasibility of providing a single point of contact in the Department to deal with the training providers involved in the Apprenticeships NI programme. This single point of contact should have the necessary authority to resolve and action all queries regarding the Department's input to Apprenticeships NI. All reviews of Apprenticeships NI should be underpinned by the imperative of ensuring that the programme is constantly streamlined and that any unnecessary bureaucracy is identified and eliminated. Streamlining would particularly involve key processes such as administration and inspection. There is a need to ensure that duplication and inefficiency are avoided.

Response - The Department understands the Committee's concern and would not wish to contribute to any unnecessary bureaucracy for those delivering its training provision. It continually seeks efficiencies in how its processes are working. However, the Department does not consider a single point of contact point to be feasible or practical especially in dealing with some 54 training organisations and over 120 apprenticeship frameworks rather, that such an arrangement would create bottlenecks and tend to slow processes. By necessity there are many strands to the provision and the stringent governance arrangements in place regarding

administration and inspection. Good practice would indicate that operations are kept separate from audit and inspection. The Department has published a full set of Operational Guidelines for ApprenticeshipNI which are updated and amended as policy is reviewed and changed. ICT systems are in place to help facilitate training suppliers in administering the programmes, including financial transactions. That being said, the Department is committed to continuously improve the service to its customers and will seek to simplify programmes and arrangements for oversight and delivery.

- 6. Recommendation 5** - The Committee strongly supports any and all efforts by the Department, and other relevant departments, to engage with schools and employers to boost the status and perception of, and recruitment to, apprenticeships. This should include the use of the new Careers Education, Information, Advice and Guidance Strategy in conjunction with the Careers Service to raise the profile of apprenticeships in schools. The Committee would suggest that the importance of this strand of our workforce and economic development makes it worthy of action across the Northern Ireland Executive ('the Executive').

Response - The Department strongly agrees with this recommendation. The Department has again invested significantly in the 2009/10 marketing campaign targeted at apprentices and employers. Department staff engaged in managing the ApprenticeshipNI programme, liaise closely with the Careers Service in terms of information exchange and application of the operational guidelines. The Education and Training Inspectorate survey of the ApprenticeshipNI programme has also highlighted the importance of good careers guidance and also assesses this aspect during inspections of training suppliers. The Department also considers that there is an important role for the Sector Skills Councils in providing information on the attractiveness of particular career paths to the Careers Service, schools and school children in regard to the types and nature of

occupational areas, remuneration, career pathways etc. The Department will encourage the Sector Skills Councils to fulfil this role.

7. **Recommendation 6** - The Committee urges the Minister to seek the support of his Executive colleagues in establishing in legislation that an appropriate quota of apprentices should be involved in the workforce undertaking any public procurement contract. It is also important to ensure that these apprentices remain employed with the contractor beyond the period of the contract.

Response - The Committee's recommendation about establishing legislation is noted. The Department has already met with the Central Procurement Directorate of the Department of Finance and Personnel, as a first step, to test the possible extension of the present voluntary arrangements for the construction sector i.e. that for every £2M contract awarded would result in the recruitment of one apprentice position. It is understood that arrangements in other parts of Great Britain also remain voluntary. However, it is possible at present to use contract conditions to encourage the training of the project workforce or for example, to specify the proportion of employees engaged in the project who are apprentices. Any future legislation would need to be structured so that such requirements would be relevant to the performance of the contract, not unduly burdensome and not result in the displacement of the qualified staff. In addition, practical difficulties exist relating to the duration of the contracts relative to the completion of the training.

The lead contractor for the Titanic signature development project has met Department officials to discuss how they could honour the voluntary agreement. These discussions continue.

8. **Recommendation 7** - The Committee commends the Minister on the introduction of the 'Skillsafe' scheme. The Committee recommends that the Minister considers its expansion into other sectors beyond manufacturing engineering, particularly prioritising areas where skills add value to the economy.

Response - The Department welcomes the commendation regarding the 'Skillsafe' scheme. In August 2009 the programme was expanded to include tradable services. Uptake for this scheme has been lower than expected. However, it has provided a useful mechanism to help the individual apprentices concerned.

9. **Recommendation 8** - The Committee recommends that the Department, through contracting arrangements and engagement with suppliers and employers, makes every effort to ensure that the transition from an NVQ Level 2 to a Level 3 apprenticeship is as seamless as possible, with continuity of provision to the apprentice being the priority. The Committee would also advocate that movement beyond NVQ Level 3 into Further and Higher education should also be as straightforward and fluid as possible.

Response - The Department is aware of the need for the smooth transition from NVQ Level 2 to Level 3 for all apprentices and will pay particular attention to this in the commissioning of the contracts for 2010. It is essential that employers, in particular, together with training suppliers and where appropriate, the Sector Skills Councils, understand and communicate to young people the career opportunities and training pathways available. The Department is currently considering how to use these to facilitate further the transition and progression of apprentices. The content of the apprenticeship at Level 3 allows progression, in particular, to foundation degrees but the Department will keep under review.

- 10. Recommendation 9** - The Committee urges the Department to engage with training suppliers and employers to explore the possibilities for Information and Learning Technologies within apprenticeship programmes and for apprentices' independent learning and actively supports and encourages the use of these kinds of facilities.

Response - The Department would support this recommendation and has commissioned the Learning and Skills Development Agency to run a number of workshops for training suppliers to encourage and promote good practice in relation to the use of Information and Learning Technologies.

- 11. Recommendation 10** - The Committee recommends that the Minister searches out examples of former apprentices who have reached management level in companies such as Bombardier, NIE, Phoenix Gas and geographically representative SMEs. Such individuals must be put at the heart of future advertising campaigns for Apprenticeships NI, illustrating that apprenticeships are an open-ended career pathway. Media formats more readily accessed by young people should be targeted and less traditional apprenticeships should be highlighted.

Response: The Department accepts this recommendation and has produced literature for Employers that identifies role model organisations availing of the ApprenticeshipNI provision. In its daily contact with employers and the Sector Skills Councils, the Department will attempt to identify (local) role models for apprentices and to endorse the programmes in promotional literature and at events. Already the Department uses media formats such as radio, texting, web and social

networking sites such as Facebook and Bebo to target the younger age groups. These have to date proved very successful.

- 12. Recommendation 11** - The Committee recommends that the Department undertakes an analysis of the reasons for non-completion of apprenticeships and factors this into the model for Apprenticeships NI.

Response - The Department accepts this recommendation. It is currently undertaking a detailed project on retention strategies which will be completed next year. In addition the Department commissions the LSDA (NI) to carry out annual 'Listening to...' surveys targeted at trainees, employers and training suppliers. These surveys include questions about the reasons for the non-completion of training and the results will be used to inform the project on retention strategies.

- 13. Recommendation 12** - The Committee recommends that the Department continues to engage with the Education and Training Inspectorate (ETI) and the representatives of the construction industry and its employers to identify ways to eliminate some of the structural obstacles that exist within areas of the sector to the provision of broader and better supported training for apprentices. The Committee further recommends that the Centre of Excellence and GTA models are examined for their appropriateness in meeting these sectoral needs.

Response – The recent review of the Construction Industry Training Board (CITB) has recommended that CITB plays a greater part in apprenticeships and a managing agent role was suggested. The relationship between Construction Skills and CITB has also been clarified. In recent years the Department has worked with CITB and the Construction Employers' Federation to develop a construction craft apprenticeship model that could meet the local industry's need. Further

discussions are required to finalise this. The Department has reviewed its approach on Centres of Excellence within the FE Colleges (see response to Recommendation 13 below) and will, as part of the 2010 commissioning of training delivery, consider Group Training Associations and how they could support a delivery model in Northern Ireland.

- 14. Recommendation 13** – The Committee strongly recommends that the Department examines all issues and suggestions that have been made by stakeholders with regard to Centres of Excellence, with a view to proceeding towards the establishment of such facilities.

Response – As noted in the response to Recommendation 12 the Department has completed a review of Centres of Excellence within FE Colleges. The report's overall conclusions, which have been published on the Department's website, indicate that Northern Ireland should take the opportunity to build on the transformation underway within the FE Sector, to create a renewed model for excellence based on the two pillars of industry engagement and subject specialism, aligned to the macro needs of the NI economy.

An 'Excellence for Industry' Implementation Working Group has been established, comprising representatives from the FE Sector, the Education and Training Inspectorate and the Department. This Group has been tasked with researching the way forward for a new NI excellence model for implementation by 31 March 2010. The 2010 commissioning of training delivery will explore how this model could be applied to all Apprenticeships NI training suppliers.

- 15. Recommendation 14** - The Committee recommends that the Department examines the opportunities for establishing apprenticeships (and pre-

apprenticeships, where appropriate) in the health service here as this has been undertaken successfully within the NHS in England, and that the Minister engages with the Education and Local Government sectors via the Executive to examine the opportunities for establishing apprenticeships (and pre-apprenticeships, where appropriate) in these areas.

Response - Historically public sector apprenticeships in Northern Ireland have not been supported financially by DEL because of the potential for double funding. However, more recently, the Department has agreed to pilot schemes for apprenticeships in NI Water and the Royal Mail. These organisations are considered sufficiently distant from Government for the double-funding issue not to arise. The Department is currently in discussions with NICS Corporate HR, the Centre of Applied Learning, and Government Skills Sector Skills Council to develop a pilot business administration Level 2 apprenticeship to run initially in DEL and perhaps some other Departments that have expressed an interest. This pilot will inform the Department's work with Corporate HR and Government Skills in reviewing its policy on public sector apprenticeships, including in the Health Service and take account of the approaches taken in other GB administrations.

- 16. Recommendation 15** - The Committee recommends that the Department engages with the Federation of Small Businesses (FSB), Sector Skills Councils (SSCs) and other stakeholders to examine the options around Group Training Associations providing apprenticeship services to employers.

Response - The Department notes this recommendation and is researching the detail of Group Training Association and Apprenticeship Training Agencies. As noted in the response to Recommendation 12, further consideration will be given as to how these mechanisms could

support training delivery in Northern Ireland. In developing any policy change the Department will undertake to work with Federation of Small Business and the Sector Skills Councils.

17. I would like to take this opportunity to thank the Committee for this report. The evidence presented is of great importance to the Department and will be used as part of any policy review of the professional and technical training provision of ApprenticeshipNI.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sir Reg Empey', with a stylized flourish at the end.

SIR REG EMPEY
Minister for Employment and Learning