



Northern Ireland
Assembly

Committee for Employment and Learning

**OFFICIAL REPORT
(Hansard)**

**Success through Skills: Departmental
Briefing**

21 March 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Thomas Buchanan (Deputy Chairperson)

Mr Jim Allister

Mr Barry McElduff

Mr Alastair Ross

Witnesses:

Mr Michael Gould

Department for Employment and Learning

Ms June Ingram

Department for Employment and Learning

Ms Sian McCleave

Department for Employment and Learning

The Deputy Chairperson: I will ask June and Michael to stay with us for this session. They will be joined by Sian McCleave of the skills policy branch as they take us through a departmental briefing on the Success through Skills strategy. I ask you to give us your presentation, and, following that, we will open it up for questions.

Mr Michael Gould (Department for Employment and Learning): I am grateful for members' time, and, in the interests of time, I will, with your permission, précis the presentation. If anyone wishes to question me on anything from the presentation, I will be happy to take questions.

The purpose of the skills strategy is to support the economic growth of Northern Ireland. At EU level, the New Skills for New Jobs strategy covers the 27 member countries, and each European country and region has its own skills strategy. We were probably the first in these islands to have a skills strategy. It was first produced in 2004, and it led to an implementation plan that began in 2006. In that plan, we gave an assurance and a public commitment to review the implementation of the first strategy after three years. We did that by doing two things. We reviewed the projects that we had been engaged in, and we looked to forecast what the economy would be like into the future so that we could try to determine the level of skills and types of skills areas that we thought the economy would need from now to 2020.

In skills strategies, we use qualifications as a proxy for skills, so we are looking to see how many people in the economy have qualifications, the level of those qualifications and what they are in. We accept that that approach is not perfect, but it is an international currency, if you like, and developed countries in particular will compare themselves on the skills levels of their populations.

We commissioned consultants to look at an economic forecast because we saw the skills strategy as trying to do two things. First, it was to reduce the productivity gap that we currently have with the rest of the UK. We have a productivity gap of some 20% on gross value added, and we were trying to reduce that. Even if you take out London and the south-east, which tend to skew the figures for the rest of the UK, we still have a productivity gap of 10% in gross value added when compared with the rest of the UK. The strategy is trying to deliver benefits by closing the productivity gap and getting more people into work. The more people you have in work and the higher paid their jobs, the more productive the economy will be.

The body of evidence was gathered, and I have taken the liberty of putting in the policy headlines, as we would call them, of what came out of that evidence. For the economy of the future, we are going to have to have more higher-level skills, and that is because the jobs of the future will demand higher levels of skill. The percentage of jobs that require level 4, which is just below degree level, or above will go up to around 50% from around 33% to 35% now. That is because the nature of work will change.

We also need to upskill the current workforce. As June mentioned earlier, 80% of the 2020 workforce are in work now, and we have a high proportion, certainly higher than the rest of the UK, of people in the workforce who have low or no skills. That is something that we have to address.

We need to reduce subject or sector imbalances. As Mr McElduff said, the big drive is on to push more people to retain STEM subjects at school so that they can have an informed choice about their future career, preferably at tertiary level. That is in common with all developed economies. There is an inverse proportional trend in that the more developed an economy, the more the number of people studying STEM subjects reduces. That is common across other developed economies. That is why we cannot afford to take our foot off the pedal. We need more people to do STEM subjects, because that leads to innovation and wealth creation in the future.

We have an increased need for management and leadership skills. In addition to the evidence that we gathered for the review of the skills strategy, we have undertaken a specific piece of work by McKinsey to look at management and leadership skills in Northern Ireland, and that is joint work with the Department of Enterprise, Trade and Investment (DETI), Invest NI and InterTradeIreland. The results show that, if we can improve the management and leadership skills of our workforce, it could lead to significant financial benefits for the economy as a whole. Some of the issues are structural, because of the nature and size of our companies, but part of it is about managing practices. We will need to retain or attract small amounts of specialist labour. Even with unemployment running at 60,000, as it is currently, we still need to attract small numbers of very highly skilled individuals back into the workforce.

Taking those policy headlines, we have developed an implementation plan or an employer engagement plan, which I hope you have copies of. That will detail the 20 projects that we will manage as a programme over the next three years in this comprehensive spending review (CSR) period. We will review those again once that CSR period is over to try to ensure that we are meeting the overall aims of increasing productivity and social inclusion.

The Deputy Chairperson: Thank you for your presentation. Does your strategy include all age groups?

Mr Gould: Generally, we work only with those aged over 16. Our legislation within the Department is only for those who are aged over 16.

Mr Buchanan: From 16 to what age?

Mr Gould: At the moment, we have an apprentice on our books who is 82.

The Deputy Chairperson: That is to be welcomed, because when we visited Wrightbus, we heard that it had a difficulty in that, if some of its reskilling or retraining of folk was funded by the Department, it could not take anybody over a certain age. It appeared that it had a difficulty in that.

Mr Gould: That is under the apprenticeship scheme. Previously, when public finances were more flush than they are now, the apprenticeships and those aged over 25 were funded at 100%. Because of the public finance constraints, the Minister has decided that, for anybody over 25, the Department will co-invest with the employer in funding the off-the-job training. Currently, the rate is around 50%. That is one of the reasons why we are having a review of adult training — to see if we have got that right or whether we should skew the funding in the direction of certain sectors that are seen to be a priority for the economy as opposed to having a flat rate across all sectors.

Mr McElduff: On management and leadership skills, I hope you see a relevance. Again, to bring it back home, a community provider of education recently contacted me and asked whether DEL financially supports courses that train women in the workplace in management and leadership skills, but we kind of drew a blank there.

Mr Gould: Was that in relation to an organisation in Pomeroy?

Mr McElduff: It was. That surprised me. It is not even in my constituency, but what odds; it is still in Tyrone. You would automatically think that anybody taking a community initiative on management and leadership skills for women in the workplace would be supported by DEL.

Mr Gould: There are a couple of issues. We have to bottom that out with the organisation. One is the identification of the need; we have to make sure that we have evidence that there is a need there. We have a very broad suite of provision, which is for all genders and all ages, as I said. We need to see that there is something there that is in addition to what we already offer. We also have the slight problem of public procurement, in that all of our provision is tendered for through public competitions. It is difficult for us if an organisation comes to us and says that it has a great course and asks us to fund it, because that goes against the public procurement rules that we live within.

The Chairperson: OK, I understand that now on the specifics.

Secondly, as a society, are we properly equipped with language skills? Is there any provision for learning Mandarin for economic opportunities in China, for example?

Mr Gould: You make a very good point. That is something that is coming to the fore now. We are looking at sales and marketing skills and the professionalism of selling, particularly technical selling. It is contextualised within the economic strategy, which refers to export-led growth. We will not be able to achieve that unless we have companies that can export outside Northern Ireland. We believe that a whole raft of issues, such as language skills and cultural awareness, needs to be tackled, particularly for new and emerging countries: Portuguese for Brazil; Mandarin for China; and India and Russia will all feature in that need. I understand that there is some provision for Mandarin. However, it is for individuals to seek it out. The University of Ulster has opened the Confucius Institute in recognition of the growing importance of China.

The Deputy Chairperson: Thank you for your presentations to the Committee today. Thank you, one and all, for coming.