



Northern Ireland  
Assembly

Committee for Employment and Learning

# OFFICIAL REPORT (Hansard)

Review of Apprenticeships:  
Ministerial Briefing

29 May 2013

# NORTHERN IRELAND ASSEMBLY

## Committee for Employment and Learning

### Review of Apprenticeships: Ministerial Briefing

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**Members present for all or part of the proceedings:**

Mr Robin Swann (Chairperson)  
Mr Jim Allister  
Mr Sammy Douglas  
Mr Fra McCann  
Ms Bronwyn McGahan  
Mr Alastair Ross

**Witnesses:**

Dr Stephen Farry	Minister for Employment and Learning
Mrs Catherine Bell	Department for Employment and Learning
Ms Yvonne Croskery	Department for Employment and Learning
Ms June Ingram	Department for Employment and Learning

**The Chairperson:** Minister, I welcome you to the Committee this morning.

**Dr Stephen Farry (The Minister for Employment and Learning):** Good morning, Chair.

**The Chairperson:** We look forward to your two briefings.

**Dr Farry:** The first of our briefings is on the review of apprenticeships; thereafter we can do a bit more of a free-for-all on emerging priorities for the Department and for yourselves. In the usual spirit, the session will be open-ended. We may not have the answer to every question, but we can follow through on them. For the first session, we will focus on —

**The Chairperson:** Minister, before we go on, can I clarify how long you will be here for?

**Dr Farry:** I can stay with the Committee to just before noon. You may want to work on the basis that we can spend about an hour on apprenticeships. I am conscious that you have two other briefings from our officials thereafter. We are keeping you busy today.

**The Chairperson:** That is what we are here for.

**Dr Farry:** I might still be talking, and you may want to ask me to leave so that you can get on to other things.

**The Chairperson:** Do not worry, Minister; if I feel that I have to ask you to leave, I will.

**Dr Farry:** We welcome the opportunity to brief the Committee on the review of apprenticeships. I am here to lead on this to reflect how important the work is to the Department and to me personally. As you know, the review was launched in February of this year, and the terms of reference are on the website. We want to give you a brief update on progress to date and to reassure you that this will be part of an ongoing dialogue with the Committee on the review over the next 12 months or so. Today is an opportunity for members to give us their emerging thoughts and to ask questions about the review. I stress that today will be one of several opportunities in that regard.

We are having the review because we are in a changing economic situation. A great deal of good work is going on to try to transform the economy in Northern Ireland, and we know that we have to move in the direction of a more knowledge-based economy. We also know that there will be a much greater premium on higher-level skills in future, and, as a converse, there will be much less opportunity for those with lower-level or no skills over the next decade and beyond. We also have to be conscious of the needs of our employers and of our young people who are coming through. In many respects, we are trying to reinvent the entire brand of apprenticeships in Northern Ireland. People will be familiar with the history of apprenticeships and how they were very closely associated with the industrial past of Northern Ireland, but they have lost some of their relevance over the intervening decades. Today, if we are honest with ourselves, apprenticeships are a relatively small footprint in the context of all the different training offers, and there is not parity of esteem between apprenticeships and other forms of training. For whatever reason, we have a hierarchy that values a traditional view of higher education above apprenticeships as a form of training.

What are the objectives of the review? First, we want to recapture the brand of apprenticeships to extend and make more relevant that type of on-the-job training to a wider range of occupations. We want to shift the brand of apprenticeships up the skills ladder. What I mean by that is that, at present, two thirds of apprenticeships are around level 2 with about a third at level 3. There is no reason why apprenticeships and on-the-job training cannot be applied to higher-level skills. Members will be aware that we have begun initial pilots on an ICT apprenticeship at level 4 based in South West College, and we are hopefully close to finalising a level-4 apprenticeship in engineering over the next number of weeks with a view to starting that in September. Other work is happening as well. For example, PricewaterhouseCoopers (PWC) is looking at a higher-level apprenticeship in its work, and some work on the life sciences in the southern region of Northern Ireland might also be of relevance. Those are some of the initial steps in that direction, but we are keen to see the brand of apprenticeships being applied to higher-level skills. The ultimate objective is to see almost a parity of esteem between apprenticeships and other forms of education and training in the sense that they are all of relevance.

Among the key issues that members will wish to be conscious of as the review progresses are the role of employers, the role of training providers, the role of government and where the balance is to be found, which occupations apprenticeships should apply to, and the components of programmes and frameworks. We need to be mindful of gender issues in relation to the balance or the profile of those who take apprenticeships. We need to look particularly at the role of small and medium-sized enterprises (SMEs) in this regard, being conscious that Northern Ireland's economy has a greater proportion of SMEs relative to many other regions in these islands. Moreover, we need to look at what happens if the UK Government introduces tax credit or tax incentive in relation to training and how that would apply in Northern Ireland.

We have appointed an expert panel of about 30 people, which is quite a broad and representative group, to advise the Department. The panel has already met. We will also have a stakeholder forum, which will meet on a number of occasions. We plan to hold stakeholder events towards the end of June, and we invite Committee members to attend them. There will also be a call for submissions over the next number of weeks, and, again, I stress that we are happy to have an ongoing engagement with the Committee.

We are also engaged in study visits, and we have been to Switzerland. That Members were interested in the Germanic model was raised when we made the oral statement in February, and we are also due to visit Germany in the next number of weeks. We have had discussions with the UK Government about their review as it applies to England. Officials are working on a literature review, and our statisticians and economists are looking at the evidence base. Our intention is to publish our initial findings in the autumn of this year, so this has been a focused and time-bound process. After that, given that this is Northern Ireland, we have to go out to public consultation on our initial findings, with a view that we will have a final outcome and begin implementation in the first half of 2014. There will be an overlap between what we do on apprenticeships and wider 14-to-19 issues, which is something that this Committee and the Education Committee are very interested in. There will also be

a knock-on implication for careers. We can talk about that later, because I know that the Committee is approaching the end of its inquiry into that.

The Swiss model is very interesting, and it is perhaps one that Northern Ireland could seek to emulate. Members can look at the slides that we circulated in advance. The Swiss economy is regularly cited as one of the most successful in the world; its unemployment, including youth unemployment, is low — in the region of 5% or lower. That compares favourably with these islands and very favourably with most of southern Europe. As you can see, the Swiss model is complex, with a range of different pathways; it is not fixed and regimented. It puts a strong emphasis on vocational training, and a range of different pathways emerges from that. It has a participation level in vocational training, or apprenticeships, among young people of between 60% and 70%. That compares with single figures in Northern Ireland, and the situation in Great Britain is similar. There is a world of difference in the scale of investment in vocational training. By contrast, about only 30% of young people go through the traditional higher-education route.

What is important to focus on is the outcome of higher-level skills, and our economy needs people with higher-level skills. There is a range of pathways to obtain those skills, so we should not be precious about particular models.

People can progress along various avenues. Those who take the vocational route can go for formal professional education and training (PET), which is almost a post-graduate for apprenticeships; they can also go back into the traditional higher-education route, normally through the universities of applied sciences. People also take the traditional academic route through the Baccalaureate schools, achieve a Baccalaureate and move on to universities or the federal institutes of technology.

The next slide shows a simple reflection of the Northern Ireland education system. You will see that we have much less flexibility in pathways; if anything, we are more regimented and tend to separate young people into pathways. Some will follow the traditional model into higher education while others leave the system at 16; some will go on to further education and some into apprenticeships. However, progression for those individuals into higher education or other forms of higher skilling is very low.

Ours is a much more inflexible system, and we are not producing the same critical mass of skills; nor are we properly addressing the skills requirements of our economy. We have unemployment pushing 8% and youth unemployment at 20%. At the same time, we have employers talking about skill shortages and skill mismatches. If we are to fulfil our economic potential, it is important that we are as efficient as we can be in producing those skills.

The real attraction of the apprenticeship form of training is that we are training people for the specific needs of employers rather than taking a best guess, which is what the mainstream education system does. The young people who go through the apprenticeship form of training know that they have skills of direct relevance to employers. As a result, they have a better prospect of sustainable employment.

That is an overview of where things stand. We have a full team here. You all know Catherine Bell, our deputy secretary, June Ingram, director of skills, and Yvonne Croskery, whom you probably know from FE of old and who is heading up our review of apprenticeships. We are happy to answer your questions.

**The Chairperson:** Thank you very much, Minister. You are very welcome as well, ladies. I did not get to welcome you formally before the Minister started his presentation, which was appreciated.

The Committee has often heard about the mismatch of skills to what employers need, which you mentioned. The SummitSkills sector skills council for the mechanical and electrical sector told the Committee last week that the programme-led apprenticeships (PLA) system is not matching its needs because it is producing apprentices at level 2 rather than at level 3.

However, the council's biggest frustration was that it felt a lack of engagement with the Department in the review of apprenticeships. I know that a departmental official sat in on that briefing last week. Is there anything that you can do at this stage to get them involved in the expert panel?

**Dr Farry:** The Department recognises that PLAs have not been working but are now evolving out of the system in any event. They were a creature of their time in that there was a difficult period towards the end of the last decade and opportunities for apprenticeships were drying up. This was an intervention to provide formal training for young people in skills equivalent to what you would do through a formal apprenticeship, but they have struggled as they have not been able to find the

placements to produce the desired rounded outcomes. We are also keen to create an appreciation of the brand of apprenticeship; that it means something, and that it is something that people can aspire to and be very proud of the fact that they are an apprentice, and that was not really being achieved through PLAs.

Perhaps June or Catherine will explain what is happening with the current contracting issue and how the new contracts for Training for Success supersede the PLAs.

**Mrs Catherine Bell (Department for Employment and Learning):** The issue was that programme-led apprenticeships were developed as a response to the economic downturn, because apprentices were employed and the employers were not taking on apprentices. The framework matches exactly the framework of apprenticeships. The idea was that they would get the skills in a training provider or college and, when the economy took off again, they would be employed and would move on and continue their training. However, that did not happen. As a result of the review of contracts, we were getting rid of the programme-led apprenticeships and bringing in a new Skills for Work at level 2, which would have been much more training organisation-based and college-based with work experience, but we were not able to let the contracts because of the legal challenge. We are through that, and the contracts will be let from the end of June. Therefore, there will be no more recruitment to a PLA system.

The big criticism has come from the electrical industry, because it wanted people at level 3. However, there were young people who were unemployed and who wanted to get into training, and the view was that they did not have sufficient qualifications at level 2 to allow them to start at level 3. They would get level 2 and then progress into a level-3 apprenticeship, but, as I said, the employment just is not — or was not — there. However, PLAs have gone.

**The Chairperson:** SummitSkills at the Committee realised that PLAs had not served the purpose, but SummitSkills were keen to engage in this review, and that is the main issue.

**Dr Farry:** I have two things to say on that. First, there is a sister review to the review of apprenticeships, which is the review of youth training. We will be looking to see what we can do on pre-apprenticeship training. In England, they are talking about a new brand of a traineeship, and we will look closely at that. With regard to the review, we have the expert panel. It is a very broad body already, and we need to be conscious of trying to have something that is manageable in size, but we are aware that there is a huge number of different stakeholders in society around all this. That is why we are putting emphasis on the stakeholder forums. Representatives from SummitSkills will be very welcome to attend those forums, and there is no difficulty with officials having direct dialogue with them.

In addition to the formal expert panel and the stakeholder events, a series of meetings is taking place between officials and different companies and organisations. That can be taken forward, and there is no difficulty in taking their direct views on board and having one-to-one engagement with them.

**The Chairperson:** Minister, an ICT apprenticeship pilot has been rolled out. Do you intend rolling that out to any of the other STEM subjects or areas?

**Dr Farry:** The review will try to establish that. We are already working to finalise a level-4 engineering course; we would like to have that announced by the end of June and in operation from September of this year. PWC is also in discussions about a higher-level apprenticeship in its activities, and we are looking at something in life sciences. Those are all the initial toes in the water in higher-level apprenticeships.

As an outcome of the review, we want a significant change in emphasis of apprenticeships up the skills ladder; we want a wider range of higher-level apprenticeships. That is not just a case of level 4; it could be at levels 5 and 6. Someone who leaves school at 18 with good A levels previously almost had the choice imposed upon them of going to university. That is what you normally do. You could see someone taking a conscious decision at 18 with good A levels to work on the job for five, six or seven years, go through levels 4, 5, 6 and 7 of apprenticeship training and get the equivalent outcome of an undergraduate or, indeed, postgraduate, degree having done that in work placement through the entire time. In some respects, those will be good outcomes for those people because they earn while they learn, particularly given that there are issues with the affordability of higher education; notwithstanding what we have done in Northern Ireland compared to elsewhere, there are still

pressures in that regard. Companies will know that they are getting young people who are work-ready and who know their business inside out.

**Mrs C Bell:** We have a pilot in ICT at level 3, which will lead into the higher-level ICT pilot. That is between the public and private sector, and there are a number of apprentices. They went initially to a college for a "boot camp" to get them to a certain level, and they were then employed by large companies such as Fujitsu, Liberty and Citi on the private side and also by the Civil Service. That is working extremely well, but the idea is that those young people will progress to higher-level qualifications in the workplace.

**The Chairperson:** You talked about level 4 and the computing side of things. The South West College is the only college offering the foundation degree in computing at NVQ level 4. Most of our jobs seem to be in Belfast and the north-west. Is there any intention, through the Department, to enable other colleges to roll out that level?

**Mrs C Bell:** There will not be a problem once we evaluate the pilot to see whether the level 4, as designed, is what employers want. They have had a big input into it, but we want it spread right across Northern Ireland so that employers can have people in the ICT industry; people who leave school at 16 and do a level 3; people who leave at 18 and do a level 4 and progress up the ladder; and people who go to university and leave with their degree to go into other jobs. We are looking at ICT across the board because we do not have sufficient numbers; we have to bring them in in whatever way we can and at different levels. It is intended to spread it right across, yes.

**The Chairperson:** Catherine, here is the favourite question of MLAs: when do you expect that pilot to be evaluated?

**Mrs C Bell:** The big issue is that we have to look at the re-contracting again for apprenticeships, and we all know about the re-contracting process. If there is a need and if we find that there are jobs that employers want, we will find a way to make it happen; we will not turn away jobs and opportunities for young people if we know that that works. We will find a way to make it work.

**Dr Farry:** There is no lack of willingness on our part. This is a huge priority for us. We are conscious that most of the investment opportunities for Northern Ireland at present are in ICT-related areas. We need a skills pipeline that is not exclusively from universities. We need to develop apprenticeships as a route to providing the skills that companies will require. There are probably a number of different triggers. Early next year, we hope to complete the review. After that, we will need to engage with different sector skills councils to work out revised frameworks for apprenticeships. I want changes in place for September 2014. I imagine that the bulk of the changes will be in place for September 2015, but we will try to get as much as we can through for the September 2014 entry point. We may have some flexibilities on level 4 ICT because we have started work to move ahead with that more quickly. However, we not just talking about level 4 ICT; we want to talk about level 5, level 6 and level 7 ICT in due course. All that is on the table.

**Mr Allister:** Minister, what distinguishes an apprenticeship from the other training opportunities that the Department oversees?

**Dr Farry:** The advantage of an apprenticeship is that it is on-the-job training. An apprentice is not just a trainee who engages with a company. An apprentice is an employee of a company who is learning while he or she earns. In some respects, particularly if we can recapture the brand of an apprenticeship, people should aspire to apprenticeships because they are real achievements.

**Mr Allister:** Is there an assurance of employment at the end of an apprenticeship?

**Dr Farry:** That is subject to the vagaries of the market. We will want to discuss that as part of the review. In Switzerland, for example, employment is not guaranteed at the end of a formal apprenticeship, but that is taken as read as part of the system because there is always a churn.

**Mr Allister:** Is there any evidence of employers simply going through a turnover of apprentices?

**Dr Farry:** No. It is important that employers have a cost-benefit analysis on what they are doing in taking on an apprentice. In some respects, they will get the value of the training in its contribution to

the functioning of the company. In other situations, an employer will want to achieve a return beyond the end of the training period.

**Mr Allister:** So the temptation does not arise that the cheap labour of apprentices is replaced with new people when they reach the end of their apprenticeship?

**Dr Farry:** I do not start from the position of viewing apprenticeships as a different means for companies to exploit young people. Apprenticeships have to be seen as an opportunity on both sides of the equation: companies and young people. To look at the issue in a different way: there will always be churn in the system. We do not want a rigid outcome whereby an employer is locked into a particular young person or, indeed, a young person is locked into a particular company. We want more and more young people to be trained in the world of work.

**Mr Allister:** Historically, however, there was such a lock-in, which was sold as part of the gain of an apprenticeship.

**Dr Farry:** We can consider those issues as part of the review. If you compare countries that place more emphasis on apprenticeships and vocational training than university learning, those countries have lower rates of unemployment and youth unemployment. Those economies are also more successful and productive, so there is a range of dynamics. The fact that they are training people through apprenticeships is clearly a major factor.

**Mrs C Bell:** One of the biggest barriers in Northern Ireland to small companies taking on apprentices is the fact that they are committed to continuing the employment. We do not want to change the fact that apprentices are employed. We think that, if we can find a way in which we can take away the risk for an SME so that it will provide the training, but, at the end, the employee will have received good training. It will have been expensive for the company to have invested in training, but the apprentice will have become a key employee whom the company will not want to let go.

**Mr Allister:** You are saying, however, that you anticipate diminishing the linkage or the expectation that the apprentice will automatically stay.

**Mrs C Bell:** No; we are not at that stage yet.

**Mr Allister:** That seems to be in your thought processes.

**Mrs C Bell:** In some instances, small employers cannot cover all the skills that an apprentice needs because they have a narrow range. Therefore, if we could find a way to bring some employers together to engage one employee or one apprentice, that apprentice would get employment at the end. However, we are not saying at this stage that apprentices have to continue to be employed, and nor are we saying that we are considering that they do not have to be employed. The literature and the study visits are useful in that regard, so that we can look at what is happening in other places.

**Mr Allister:** May I ask about the Swiss experience? I know that the Swiss economy has moved considerably from the old association that we would have had here of apprenticeships with manufacturing. Presumably, in apprenticeships there, the ambit is much wider than our historic association of apprenticeships. How significant is that, and how well does an apprenticeship fit into those non-manufacturing type of situations?

**Dr Farry:** If memory serves me right — we will correct the record if I get this wrong — some 230 occupation areas in Switzerland are covered by apprenticeships.

**Mr Allister:** What are the figures for here?

**Dr Farry:** It is a much narrower range here.

**Mrs C Bell:** It is 25 or 30.

**Mr Allister:** So the figure here is 10% of the Swiss figure. Is that a lesson to be learned?

**Dr Farry:** Yes. That is part of the aspiration. We want to broaden out the apprenticeship brand to a much wider range of occupation areas. Historically, apprenticeships were associated with people bashing a bit of metal in the shipyard. Obviously, those types of industries have gone into decline, and a host of new industries is emerging in Northern Ireland today to which that model can now be applied. The creative industries, for example, spring to mind.

**Mr Allister:** If you break the linkage, such as it is, between the training and ultimately having a job in that establishment, what is left to distinguish an apprenticeship from other training that can be offered?

**Dr Farry:** I stress two things. The review has everything on the table, and the linkage between job outcome or not has to be examined. There is no predetermined outcome, but we want to follow the evidence and the advice that we receive from employers and others in Northern Ireland and elsewhere.

**Mr Allister:** Is there that linkage in Switzerland?

**Dr Farry:** No.

**Mr Douglas:** Thank you, Minister, for your presentation. The Committee visited Wrightbus last year and was impressed with its apprenticeship training. It is a very successful company and is becoming even more successful, which is great. We also visited the Northern Ireland Science Park, which is a bit different. Obviously, a lot of people who work there are graduates and others have PhDs. However, with regard to jobs being created, we asked them about targeting disadvantaged areas and trying to get young people into essential apprenticeships. They said that although they had people who could design a wind turbine, there was also a lot of manual work and the potential for apprenticeships. Will you tell us about your relationship with the science park and whether opportunities are being developed? Maybe Catherine could answer that.

**Mrs C Bell:** We have strong linkages with the science park through the universities at the higher end. Equally, now that the Belfast Met is located in the Titanic Quarter, it is working not only with the financial industries but with lower-level skills. As far as we are concerned, we want to give people an opportunity to start at whatever level, to progress as far as they can and to take as many opportunities as they can. That is why the apprenticeship programme's frameworks and its breadth are extremely attractive. So we have linkages through the college in the Titanic Quarter, and with the science park through the two universities.

**Mr Douglas:** Will apprenticeships form part of the 10,000 NEET places?

**Mrs C Bell:** The potential is there if we can get young people to have strong literacy and numeracy skills, address their barriers and let them see what is available. We do not see any barriers. We want young people who have good GCSEs or A levels to choose an apprenticeship as an alternative to university. There are a number of routes for them and no barrier. We will give as much progression as we can through the review of vocational training.

**Dr Farry:** Sammy, we will come back to the point about the United Youth programme in the second session. I appreciate that the Committee will want to talk about that. Your point is probably more relevant to the review of youth training.

**Mr Douglas:** I was going to ask about Peace IV, which may be discussed in the next session.

**Dr Farry:** A key funding issue for apprenticeships will be the next round of the European social fund. We are conscious that we must have the flexibility to deploy those funds in Northern Ireland to support apprenticeship training. As we move apprenticeships up the skills ladder, training will become more expensive, so we need to be mindful of that because of resources.

**Mr Ross:** Minister, you talked about the aspiration of 18-year-olds who may have good A levels to go on to an apprenticeship as opposed to university. How much of the success of the Swiss model is due to cultural or social differences? The Swiss seem to put much more focus on vocational education, so how much of a challenge is the cultural expectations that we have for young people?



**Dr Farry:** That is a useful dash of reality. It is important that we study the Swiss, German and other models. However, the notion that we will be able to transport them into Northern Ireland en bloc is not realistic. There are deep cultural norms based around that type of training.

The biggest change that we need to achieve is in the underlying nature of our education system. That is outside the remit of the review and the Department. We work jointly with the Department of Education around a 14-19 strategy in which we can start to talk about a greater use of applied options earlier in the school curriculum and begin to see people develop different pathways.

We also need a change in careers education. The Committee is close to finalising its inquiry into careers education, information, advice and guidance, and we look forward to receiving your recommendations. Next year, we will conduct a review of careers with the Department of Education, which will be fed through into that process. More broadly, in Switzerland, there is a parity of esteem between apprenticeships and other forms of education. We have not reached that point. Frankly, we are far from it.

Even within the higher education system, we celebrate a very narrow range of professional pathways — medicine, law or accountancy — rather than training people in engineering and ICT at university. We have to get that sorted as well as moving to parity of esteem with apprenticeships.

The final critical element is probably the commitment of employers. About 30% of employers in Switzerland offer apprenticeships. Not everyone offers apprenticeships, but the people who "graduate", if I can use that term, through those companies are then available for the wider system. There is a sense that some companies will overtrain for the system as a whole, which goes back to Jim Allister's point about how close the linkage is between guaranteed employment on the far side and the companies that provide the training.

**Mr Ross:** You mentioned the education system, and there is no debate in Switzerland about academic selection and academic and vocational pathways. Perhaps some people should learn that lesson here. What is the difference between the level of qualifications of school leavers in Switzerland and in Northern Ireland?

**Mrs C Bell:** I do not have the exact figures, but they are much, much higher in Switzerland.

**Mr Ross:** The building blocks are its education system, which is fundamental to progress.

**Mrs C Bell:** Yes. That is why I said that we are keen that all young people avail themselves of the opportunities that we believe will come. That is why they must have strong literacy, numeracy, ICT and science skills, which is why we are working with our colleagues in DE.

**Mr Ross:** It might be useful to get those figures.

**Dr Farry:** We will provide those. In Switzerland, only about 5% of young people drop out of the system at the age of 16. That is quite a stark outcome in comparison with what happens here.

**Mr Ross:** You mentioned that 30% of employers take on apprenticeships. I do not know an awful about the Swiss system, but it seems to be very much employer-led. Employers have taken a decision that they will run apprenticeship schemes collectively. What is the level of government interaction or involvement in apprenticeships in Switzerland compared with our model?

**Dr Farry:** The Government are closely involved. Trade associations do a lot of the brokering between the business community and government. The Government set the standards and accredit those who do the training. They also provide the vocational education and training (VET) schools. While post-16 people are training on the job, they are also in that more formal educational setting. They will go through a number of courses, and they have options for extra-curricular activities that are normally associated with the 16- to-18 age group.

**Mr Ross:** Since you made your statement in the House about apprenticeships, what interest level has there been from employers in Northern Ireland?

**Dr Farry:** There has been huge interest.

**Mr Ross:** So, you do not have any concerns about the number of opportunities for apprenticeships for young people in our major or smaller employers.

**Dr Farry:** I would not go so far as to say that we are not concerned about the level of opportunities. In the business community, there is a clear recognition that this is the way to go to broaden out our education and training offering. It is probably too early to comment on the number of opportunities that will come forward. We need to work with employers to create those opportunities. A critical leap must be made from the current position whereby, in theory, many employers think that it is a good thing to take someone on, but, in practice, are reluctant to do so. Some companies view apprenticeships as being a cost burden rather than a benefit. They view apprenticeships entirely in cost rather than benefit terms, whether those benefits derive from productivity during training or beyond, or for the good of the wider economy.

Companies in Northern Ireland will also be nervous about the scale. We have a disproportionate number of SMEs, and companies will perhaps see apprenticeships as a bigger risk to them. That is why Catherine stressed that we are looking at different ways to manage the risk for SMEs, and there are a number of models around which that can be done.

**Mr Ross:** There is also the issue of harnessing that interest and the recognition of its importance with actual commitments to supply placements. I asked you in the House about incentives from government, and you mentioned the tax issue from Westminster. Have you any update on that or on whether we will do anything to try to convert that interest into actual commitment to placements?

**Dr Farry:** Obviously, we cannot offer tax incentives locally. We would benefit from anything that might be created at a UK-wide level. I spoke to Matthew Hancock, the FE and skills Minister in Great Britain, and I would say that the earliest that the UK Government will consider a tax incentive will be around April 2015 on the back of a March 2015 Budget. With that, there is an opportunity to give employers an incentive, but we need to be mindful of the fact that, because we have a disproportionate number of SMEs in Northern Ireland that are perhaps more reluctant or less well placed to take advantage of a tax break, such a tax incentive could have a disproportionate impact on Great Britain rather than in Northern Ireland. If there were an associated impact through a negative Barnett consequential on our block grant, we could be a net loser. Over the next couple of years, if we can work with employers in Northern Ireland, we will be in a better position to take advantage of that, and it will perhaps be a net win for us in due course. If that were to happen today, it would probably be, on balance, detrimental to Northern Ireland. However, in two years' time, it can hopefully be a win.

**Ms McGahan:** Thank you for your presentation. What engagements have taken place with local companies, schools and job markets to devise an engineering apprenticeship pilot scheme that will help to address the lack of apprenticeships in County Tyrone, given that that area is a hub for the manufacturing and engineering sector?

**Dr Farry:** June, do you want to talk about the engineering pilot with Semta?

**Ms June Ingram (Department for Employment and Learning):** We have been working with Semta, the relevant sector skills council, which is the voice of employers and engages with different interests to look at what can be done and to try to generate interest. Apprenticeships have to be about what employers need. It is about working through the system as well as working with careers guidance in schools. Was your question about the higher-level apprenticeships or more generally?

**Ms McGahan:** It was about an apprenticeship pilot scheme for that area, given that it is a hub and a starting point.

**Dr Farry:** You referenced the fact that mid-Ulster has a critical mass of engineering. We are in discussions with the South West College about what more can be done in engineering in that area, and we are considering it as one area for level 4. At present, the options are there for training in level 2 and level 3. We want to know what more we can do to encourage employers to consider that pathway.

**Ms Ingram:** The Minister chairs the advanced manufacturing and engineering services working group, which commenced in mid-2012. At present, we are commissioning research to look at engineering issues, skills needs and the skills pipeline. We have drafted an action plan that we hope to firm up. It

will look at all the issues associated with the advanced manufacturing and engineering services sector and how we can improve the skills pipeline.

**Ms McGahan:** We had a presentation from SummitSkills last week, and questions were asked about all that. Catherine, you made a point about getting a route for the people who have no qualifications. I do not know whether you saw the figures, but last week's witnesses talked about there being 497 candidates for the electrical intake and said that only 97 achieved level 2. Of that 97, 41 progressed to level 3. So, the outcomes were very poor. However, I am delighted that you are moving forward and that there will be no further recruitment in that field. What are the next steps for the electrical field? There is a skills gap.

**Mrs C Bell:** We have to remember that, for an NVQ, young people must have work experience or need to be employed, because assessment in the workplace is required. There have been difficulties in getting work placements to allow them to be assessed. As we go forward, the new contract has to be met at the end of June this year. That is skills for work at level 2, which means that it is general training in areas across all the fields, including electrical. The Minister announced the review of youth training, and we are looking at all the provision, from schools, colleges, training providers and through Pathways to Success, which has been developed with NEETs, to see where the gaps are and to develop programmes that will allow young people to progress into an apprenticeship scheme, if that is the route that they want to take, to progress in further education or to get into work. The skills training that young people got on PLAs was good. In fact, a number of our young people were at WorldSkills and got medals at the competitions having come through that route. The difficulty was that we hit the downturn and there was no employment at the end of it or even work experience during it.

**Mr F McCann:** The joy of coming last is that most people have asked the questions that you wanted to ask. I was impressed last week when I listened to the mechanical and electrical people who came to the Committee. I have no doubt that the Department, the training places and employers all aspire to the one end, and that is to provide a level of training that will bring people out at the other end with skills. However, I seem to be picking up that, with a number of employers and the Department, there is a "them and us" attitude, and that they are heavily critical of the Department because there does not seem to be that working relationship that you need to allow young people to come in. The figures given last week, which Bronwyn referred to earlier, about the number of people who went through and did not come out at the other end with qualifications were quite shocking. I am old enough to know people who went through apprenticeships and took great pride in the piece of paper that they got at the end of it that said that they were a fully qualified apprentice. They had come out at the other end. However, that does not seem to be happening there. The Committee has continually heard from employers, whether it is in IT or whatever, who say that they have places for people in engineering and in mechanical engineering, but the way that they like to do things and bring people through is not quite the same as what the Department likes. Would it not be better to have a meeting of minds? When you are designing the programmes at an early stage, people could come together with the employers to design a scheme that would allow them to have people on work training and that would also tap into people's educational needs.

**Dr Farry:** I will make a few general comments, and Catherine can come in on the specifics of the SummitSkills issue. We are here to service both young people and employers. We are not here to do things in an abstract way, Fra. We are keen to see employers driving what is required for the future needs of the economy, in particular the skills needs. I do not think that there is a general attitude of them and us with regard to the Department. If there are some very particular problems or glitches in the system, we need to be aware of them. Where people are on different pages from us about what is happening, we are happy to discuss that and to respond to those comments. We are happy to have constructive criticism. However, I do not think that the Department is in a different place entirely from what employers require.

With regard to what you said about apprenticeships and people having a real sense of achievement at the end of it, that is what we want to get with the brand of apprenticeships again. We do not want people to think that, just because they did not get to university, they will do an apprenticeship instead. You want people to say that they have made a choice and found what works for them and for people to respect them for being an apprentice. At the end of the period of training, they should have a real sense of achievement that they have got something of real value that will be a real lever for them into the world of work.

**Mrs C Bell:** The first thing is to differentiate between apprenticeships and programme-led apprenticeships. In apprenticeships, young people are employed and the framework is designed by

the employer, not by the Department. With the programme-led apprenticeship, the biggest mistake that we made was to call it a programme-led apprenticeship. If we had called it a training programme, there would not have been the same angst. The difficulty was that when we designed it, we did not expect to be sitting in the downturn for so long. We did not design the programme in abstract. We had our colleges and we had employers — I am not saying that we had SummitSkills — helping us to design the programme-led apprenticeship. The idea was that the young people would follow exactly the same framework as an apprentice, the difference being that they would get more emphasis on training as opposed to being in the workplace.

The Electrical Training Trust and SummitSkills did not like the idea of young people starting at level 2 electrical. They always said that it was level 3. The difficulty was this: what were we going to do with young people who we could not get employed because of the downturn? That was what they wanted to do. The idea was that we would put them through a level 2 and they could apply for the jobs when they came. We have come to an arrangement with the Electrical Training Trust to offer an assessment opportunity for young people who have gone through programme-led apprenticeships. As the Minister said, we are trying to look after young people as well as fulfil the needs of employers. We meet employers regularly. In fact, the Minister has a number of working groups, and we also have action groups that sit with employers to debate and discuss.

The IT industry has an extremely healthy relationship with the Department. We recognise that there are skills shortages. We are working with the industry to address those shortages and to develop programmes as broadly as we can. With the PLA, we got stuck because of the re-contracting. There was nothing that we could do about that because the law prevented us from changing. However, we are now in a position, from the end of this month, to go out with new contracts.

**Mr F McCann:** I asked last week whether any meetings have taken place or the Department has sat down with the industry, including IT. We had Momentum in a number of weeks ago, and they spoke about working with the Department, but even they said that there were difficulties with aspects of the levels of training or education that people required to move along in digital training. The same thing happened about a year ago when I came onto the Committee, when the engineering sector from Tyrone was heavily critical of the level of training. I am just raising points that were made to the Committee.

For me, it is a mixture of on-site or on-work training and the education needed to go through. However, if employers say that they do not take on people who went through level 2, there is a serious problem. There needs to be a meeting of minds in working with employers and what they require because they are the people who will be picking up the people coming out of training.

**Mrs C Bell:** But we do meet frequently with them.

**Mr F McCann:** They are not saying that, Catherine.

**Mrs C Bell:** I know, but —

**Mr F McCann:** They are not saying that.

**Mrs C Bell:** When you have a meeting arranged —

**Mr F McCann:** The Committee has had a number of presentations on this issue. NIE gave a presentation on careers and, I think, said that it has 50 apprentices coming through each year. There were 1,300 applications and only 47 went through. That tells you that there is a serious problem.

**Ms Yvonne Croskery (Department for Employment and Learning):** Part of what we will focus on in the review is an employer, demand-led model. Our biggest challenge is to make sure that we meet the needs of employers. All that will be in the review.

**Mr F McCann:** It is much more than just meeting the needs of employers. It is treating them as genuine partners so that all sectors can learn.

**Ms Croskery:** I have been attending the sector skills councils. One of my colleagues met SummitSkills in March, and we have a series of meetings programmed for the next few weeks to ensure that we engage with the sector skills councils.

**Dr Farry:** Generally, Fra, the Department has very good relations with employers. We meet regularly with the representative bodies and talk to individual employers. That is not to say that the system is perfect. There will always be issues with employers having difficulties and frustrations with the rules about how things are done or with bureaucracy. Sometimes, we cannot escape that.

We are also conscious that there are inefficiencies in our economy in terms of skills mismatches and shortages. There are areas in which people are being trained where there really will not be the job opportunities, so expectations will be built up that cannot be met. There are other areas where companies are looking for people and cannot get them. Our challenge is to drive out that inefficiency as best we can.

**Mr F McCann:** I was glad that you said at the start that there would be a blank sheet for this, because none of us should have any preconceived ideas about what is right and what is wrong. If we sit down and believe that we all have a role in what comes out at the end of this, we will be better placed. There are more opinions than the departmental opinion, and I am not saying in any way that that is wrong. There are many other ideas. If we work together from the employers to politics to departmental training agencies and everything, you can put together a package that affects here and takes the best from everywhere else.

**The Chairperson:** Folks, everyone has now had a go in this session. Minister and ladies, thank you very much. June and Yvonne, thank you for your time. Catherine, I believe that you are staying on with the Minister for the next session.

**Dr Farry:** Chair, we will be in touch with the Committee around the stakeholder forum and pass on invitations. Again, we will maybe have a further discussion with the Committee early in the autumn about where we stand. That will be ahead of us taking any view on the outcome of this stage of the review.

**The Chairperson:** OK. Thank you, Minister.