



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Review of Apprenticeships (Ministerial
Briefing)

11 September 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Sammy Douglas
Mr Chris Lyttle
Mr Fra McCann
Ms Bronwyn McGahan
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:

Dr Farry	Minister for Employment and Learning
Mr Derek Baker	Department for Employment and Learning
Mrs Catherine Bell CBE	Department for Employment and Learning

The Chairperson: We move on to apprenticeships.

Dr Farry (The Minister for Employment and Learning): I will try to keep my introductory comments fairly short, Chair, to allow members to express their views and priorities on this.

We envisage that this will be the first of two sessions over the autumn. Today is primarily an opportunity for you to ask questions, express views or engage in wider discussions on this. Then, in November, we are going to have a more focused discussion, which, in essence, will see us bringing to the Committee our emerging conclusions on the review — I stress that those will be emerging, rather than final, conclusions. That will be an opportunity to take any final comments, which we will wish to reflect upon before we finalise this. The timetable from here on in is that we wish, essentially, to have a proposition in place by the end of the autumn, and we will announce it to the Assembly. That would go out for public consultation again — we like public consultations in Northern Ireland — and then we would hope to finalise the apprenticeship review in June 2014. Today is really an opportunity to help us shape its evolution.

We have just concluded a number of stakeholder engagement events with our different partners, whether businesses, young people or training providers. A call for submissions on apprenticeships is currently live. That will be accompanied shortly by a call for submissions on youth training. Members will be conscious that this is about the needs of the Northern Ireland economy looking to the future, in particular the needs of a highly skilled workforce. Our skills needs are changing, and we need to ensure that our training and education system changes alongside that. We want something that reflects supply and demand in our economy and is much more efficient for the economy by matching

the skills that employers need with what people are being trained in. So, this should be good for businesses and good for young people and apprentices in respect of sustainable employment.

There are three different key strands that we want to see emerge from this review. The first one is extending the apprenticeship brand to a wider range of occupations. The second is moving the apprenticeship brand up the skills ladder. That may well be an increased focus at level 3 and above, compared to level 2 and level 3 at present. That ties in very heavily with Fra's point about the youth training model. The third strand is developing clear, alternative pathways to support young people making different types of choices and others in terms of how their career moves through lifelong learning. So, rather than people saying that if you do not do well with your A levels and you cannot get into university, you could maybe decide to do an apprenticeship, and if you are not doing so well in your GCSEs, you could look to an apprenticeship rather than carrying on in school, if people have that type of choice and aspiration, the apprenticeship pathway is viewed as having equal standing. Indeed, someone may well have good qualifications coming through school, but they may believe that that is more appropriate for their career development. We might even see some jobs where people can end up in the same place through two different pathways. For example, some consultancy and accountancy companies are recruiting people as post-A-level apprentices where they would previously have been recruited at graduate entry, and they take people through two different pathways with the intention of ending up at the same point. There is that type of evolution in pathways.

There are issues with how we can encourage more people to consider apprenticeships. It may well be that we will have some sort of portal system in Northern Ireland rather than it being very diffuse, as it is at present, and we will look at how we could bring that together. We are conscious that, in schools, there is a very clear focus around university applications through UCAS. Perhaps something similar could be created for apprenticeships. I know that you are in the final stage of your careers review, but careers will dovetail into this. These are live issues, and even if your inquiry has not addressed some of these points — I do not know either way — in due course, you can add to that as the policy development goes on.

We also need to look at what more we can do to encourage employers to engage with apprenticeships. We are particularly minded of the situation regarding small and medium-sized enterprises (SMEs), which, in the past, have been more risk-averse about apprenticeships. So, we need to see how people can imagine that taking on an apprentice will be of benefit to their business and not simply something that they are doing for the good of the young person or society; it is about how it can be of benefit to them directly. Also, we have to put in place some mechanism whereby we can manage the risk for employers. Maybe the risk can be pooled.

There are also issues around the simplification of the bureaucracy around apprenticeships. I know that a number of MLAs have expressed frustration at times around the rules, which do not provide sufficient flexibility, or, on some occasions, misinterpretation of the rules. In some cases, that has stopped people progressing or, sometimes, people have wanted to progress further through apprenticeships, but they have run out of opportunities because they simply do not exist, as most things are cut off at level 3, and people have not had the opportunity to progress further. So, we are getting a lot of feedback from people who are expressing frustration that the current system is no longer fit for purpose and needs to evolve to meet the needs of the economy.

We are seeing innovation happening. Last week, I was down at Norbrook Laboratories in Newry and, in conjunction with Southern Regional College, they are developing new lab technician apprenticeships, and they are about to explore a level-4 apprenticeship in that area as well. That just gives a sense of where things are going.

Youth training has to be seen in conjunction with apprenticeships. The apprenticeship brand has to mean something in terms of the level of engagement, the level at which it is taking place and the different strands behind it. We also need to see a system where we are investing in youth training, in particular around level 2, and how, for some young people, we are creating a pathway for them to move into an apprenticeship. So, rather than simply branding everything as an apprenticeship, it is about how we can have an apprenticeship meaning something that you aspire to but also having in place a proper system of youth training that will fit in with that. Programme-led apprenticeships (PLAs) have been phased out into Training For Success, but everything is on the table for youth training.

That is a very broad-brush outline, Chair, I know that you have been copied in on the calls for submissions, which gives a bit more detail around this. I think that you are also having your own stakeholder event and are taking your own temperature reading on what the different key players think about these things. We are happy to answer any questions and to take your points and feedback.

The Chairperson: OK. Thank you, Minister. The stakeholder event will be on 24 September. I think that I have mentioned it to you earlier, but I would like to formally invite you to attend that day if you are available. We would be more than happy to have you there. Careers advisers, careers teachers and up to 12 businesses who already provide apprenticeships will be in attendance. You would be more than welcome if you can join us.

I welcome the statement that you are phasing out programme-led apprenticeships. The Committee has received quite a number of presentations about the weaknesses of those apprenticeships.

Catherine, I think that we learned from one of your previous presentations that Northern Ireland currently has between 25 and 30 apprenticeship schemes or career paths, whereas the Swiss have 230. Referring to Sammy's earlier model about engagement with the public sector, how does the Department intend to engage with the public sector to increase that availability of apprenticeships?

Dr Farry: I want to make a couple of points on that. The public sector has to be a key delivery partner for apprenticeships. We are very mindful of that. Apprenticeships are not just for the private sector. We need to expand.

Catherine will maybe mention two things. First, she will perhaps give a little bit more clarity about the phasing out of PLAs and the new Training for Success model — we are also reviewing that and the contracting legal challenges have delayed that process. The Department is very conscious of the limitations of PLAs and how things have gone off at a tangent with those. Perhaps Catherine will also cover the expansion of apprenticeships to different areas.

Mrs Catherine Bell (Department for Employment and Learning): The programme-led apprenticeships ceased as soon as the new contract came on board in June. Consequently, there will be no more recruits to programme-led apprenticeships. Obviously, we have commitments to those who are on those apprenticeships and, just like with Steps to Work, we will fulfill that commitment and look after them.

Training for Success is not focused on the work experience part. That has been the single most difficult thing we have had to deal with. When young people were on a youth training programme or a programme-led apprenticeship we, or our providers, could not get relevant work experience to allow them to get a National Vocational Qualification (NVQ), which can only be assessed if the person is in the workplace. In the new Training for Success programme, individual young people work for qualifications. Those qualifications are on the qualifications framework and are skills-based, but they do not have to be assessed in the workplace. Consequently, we will see much more success, as we are not dependent on the workplace. We have built in things like problem solving and, obviously, essential skills.

That contract will run until we carry out the review of youth training. We will then go out to consultation, develop our new policy and contract again for new providers. We are committed to helping those young people who are on Training for Success. Its purpose is to help them get the skills that will allow them to get into work, to access an apprenticeship or to progress to further education.

Training for Success has three strands. Really, we see two of the strands as much more akin to 'Pathways to Success'. The first of those is Skills for Life Level 1. It is for young people who have absolutely no qualifications and who need to get onto the qualifications route. That is at a very low level. There is another programme, the term for which escapes me — I knew it so well, but I have been steeped in the apprenticeship review for so long now.

Dr Farry: We will write to the Committee with the answer.

Mrs C Bell: It came back to me. It is old age. It is called Skills for your Life. That is for those young people who have many barriers, such as alcohol, drug abuse and all of that. Those programmes are more akin to what we are doing for those young people who are not in education, employment or training.

We also have Skills for Work Level 2, which is for young people who are working to gain a level-2 qualification and to gain qualifications in English and maths. If they do not get English and maths qualifications they cannot succeed. That has been rolled out, the contracts have been let and the various providers are recruiting.

As far as the apprenticeship review and the idea of expanding into other areas are concerned, I think that the Minister has said that we want to see the apprenticeships moving into those areas where there is growth in our economy and that contain our priority skills. That will be a priority for us.

The Chairperson: Will there be an increase in the numbers?

Dr Farry: Absolutely.

Mrs C Bell: Absolutely. We want to make it something that people seek, that has status, that employers are on board with and that has career pathways. We also want to show that there is progression and that a young person can start at level 3, which is the equivalent to two A levels, and progress to level 4 through a foundation degree and into levels 6 and 7.

We have been doing some pilots in an ICT higher level apprenticeship, and we are about to start one in engineering. We have been approached about doing one in the financial services, which will start at level 3 but lead to level 7.

Once it gets out among our young people that this is a really valuable way of getting a good career, getting qualifications and getting experience at the same time, I do not think that we will have any difficulty recruiting people to the apprenticeship programme. I think that our challenge will be getting employers on board, and that is where we have to work to ensure that employers value apprenticeships. Many of them already do. For example, Bombardier had 2,000 applications for 40 places, and we had 200 applications for 32 places for our pilot ICT programme at level 3. We need to ensure that we get the employers on board and that they see these people as being very valuable to the workforce. We have evidence that shows the economic return an employer gets by employing apprentices.

Ms McGahan: Thank you for the presentation. I have a couple of questions. Cathy, my first question is on the back of what you were talking about. As part of the review, what plans are there to consult with the young people who avail themselves of Training for Success and apprenticeships? Secondly, the Committee received a presentation earlier this year from representatives from the electrical sector. They raised concerns about the skills gap in that field, especially, I have to say, west of the Bann. Richard O'Loan flagged up to the Committee that, in the space of one week, several jobs were advertised that they were struggling to fill. Will you outline what engagement you have had with that sector to address its concerns? How will its views inform any potential conclusions that arise from the review.

Mrs C Bell: I will take your question about the consultation with young people first. We had a dedicated consultation session with apprentices to inform the review. We will do exactly the same thing with youth training once we get more clarity on the apprenticeships, as that will inform youth training.

We have been heavily engaged with employers through our expert panel, and the electrical side is represented through our individual officials meeting with sector skills councils and individual employers' groups, the two sessions of specific, dedicated employer consultation events and the call for submissions. We know that we will never have enough communication, but we have to keep working at this. However, we have been engaging very proactively with a wide range of employers, including those on the engineering side.

Dr Farry: I should also highlight that we have an engineering working group as well, so, in the wider strategic context for that sector, we are mindful that there are particular skills issues that have been raised. That is an ongoing piece of work. There has been a major evidence-gathering session in that regard over the past number of months, and we are meeting at the beginning of October to review that. We are aware of particular issues that have been raised around engineering, particularly in Tyrone.

Mrs C Bell: I think there is also an issue with gathering the evidence around the engineering working group. We believe that there are issues with salaries. Therefore, that is one element that we have looked at specifically in the evidence. If young people have very good grades and get a high-level salary in a particular area compared with another area, you know which job they are going to take. We have done some work around the salaries as well.

Dr Farry: It might be useful if, while accepting that our work on engineering is not yet as conclusive as that around the ICT sector, we may consider, with your consent, trying to schedule an evidence session around the engineering sector on a stand-alone basis in due course. No doubt we can share that evidence with the Committee and take your own views on the sector before we bring that working group to a conclusion with an action plan.

Mr P Ramsey: There is certainly a lot of good information coming through today. The Minister and Catherine covered some of what I was going to ask. I served my time as an apprentice fitter engineer many moons ago. There was a certain type of excellence in the training centres that were being provided throughout the 1970s and 1980s that homed in, relatively speaking, on trades, such as carpenters, electricians and plumbers.

Catherine highlighted the bigger companies, such as Bombardier, which clearly need huge numbers of employees and apprentices coming through, but our Committee found that there should be more stakeholder events for the smaller employers who may avail themselves of that opportunity, but need that motivation, encouragement and enticement. I am very keen to hear how that is evolving across the region. At present, small construction companies will possibly be resisting taking on apprentices for the fear of additional costs and one thing and another.

I want to see how the Department is vigorously working with the public sector. There are huge Departments out there, like Health and Education, that could meaningfully be playing their part in bringing young people into those types of jobs.

It is good work; I am not critical, but we always have to be more creative and innovative as we are going along.

Dr Farry: First, Pat, you are right to push us hard on the creativity around this. We will absolutely get that across. It has to be innovative for Northern Ireland, breaking new ground.

You touched on a number of different strands that we are making final determinations on. Let me just talk you through some of the different ways in which you could look at the issue. You are right to say that, generally speaking, we do not have enough employers, full stop, taking on apprentices. Within that, it is easier for bigger employers to take apprentices than it is for smaller ones. They will be very risk-averse, and may see it as a cost burden to them — falsely, I stress, but that is the perception.

There are different ways in which we can try to address that. The first thing is whether we encourage the bigger companies to overtrain. Rather than simply recruiting the number of apprentices that they will need for their own staffing levels, do they train for their sector in the expectation that some of the people who they train will be of benefit to their supply chain, which will be through smaller companies? That, in turn, moves away from a culture where, basically, an apprentice is hired with the expectation of getting a permanent job at the far side. Rather, they are hired to be trained within work and also in the context of the FE college or the training provider. In a buoyant economy, there should be plenty of opportunities for trained apprentices, but we may need that flexibility for big companies to overtrain.

That will also apply to the public sector. Under public sector recruitment rules, I imagine that it would be difficult to bring people in as apprentices and tell them that they will have jobs on the far side of their apprenticeships. However, there is a lot that the public sector can do with regard to training and it can do more than it is doing at present. Given Derek's past life in the Department of Finance and Personnel (DFP), he can maybe talk a little bit more about that across the sector.

We also have to look at whether there is something that we can do to spread the risk among small and medium-sized enterprises (SMEs). Rather than the SME necessarily being the employer of the apprentices, can there be some sort of intermediary arrangement or body that employs them and then farms them out to the client companies who may well pay a fee?

Those are the elements of our thinking at present. Derek is going to have to come to some final conclusions. If you have any views on that, please say so.

Mrs C Bell: The Construction Industry Training Board (CITB) has a scheme that has put a small group of employers together. The CITB manages the apprentices who go to the different companies to get the range of skills. That is fine if you have a body such as CITB that is able to do that, but that is the kind of thing that we have been examining to see whether we could do something like it that would

take the risk away from SMEs but give them a ready pool of trained people at high level so that they can grow their businesses.

Mr P Ramsey: There are models of good practice in the community and voluntary sector for training young people. Could you look at those models? Is there any engagement with that sector?

Dr Farry: Absolutely. We will have a look at those. Let us know if there is any in particular, Pat, that you want us to look at. You get a sense of where things are at.

Derek, do you want to talk about what more the public sector can do?

Mr Derek Baker (Department for Employment and Learning): In a previous incarnation, when I was in the Department of Finance and Personnel, I was responsible for personnel issues across the Civil Service — the Civil Service only, not the public sector. The Minister is right, as is Mr Ramsey: the Civil Service was particularly unimaginative with regard to apprenticeships.

We have a programme of training in the information and communication technology (ICT) professions, but the Civil Service does not comprise just pen-pushers such as me; there are people doing real jobs, such as engineers, planners and technicians and others doing all kinds of weird and wonderful things, so there is scope there.

We have to bear in mind that the Civil Service accounts for 12% to 14% of the total public sector. There is a much bigger public sector out there when you think of the health and social care sector and the wider public sector. There is much more value to be gained in that area, so we will use our Minister to exert his influence on his colleagues. There is a lot that we can do in that area and you are right to push us on it. We need to be more imaginative.

Mr F McCann: Much of what I was going to say has already been asked. Having listened to presentations that have been made to this Committee over the past while, I know that we are all trying to get to the same point, which is to provide good apprenticeships for young people.

One of the issues that comes up constantly, especially in the private sector, is the difference of opinion that exists between it and the Department on apprenticeships. At different stages, the impression was given that there was no meeting of minds on how to deal with that.

I also believe that, when it comes to apprenticeships and training, there are those who will need specific in-house training and those who will need a different type of training. That issue came up especially when the electrical engineering people came to speak to the Committee. I have a number of friends who went through apprenticeships and who cherish the piece of paper that they got at the end of it which says that they are fully fledged experts in the field that they were trained in.

We took out of the discussions that the level 2 apprenticeship did not provide the level of training that the private sector required. The impression was that the level 2 qualification became an anchor around the neck of the person who took it. It is about how you change that to bring it to a new position.

We have argued that there needs to be a progression to the new types of employment that are going to come in, whether in ICT or whatever. However, there is a whole sector out there that most of us would call the traditional trades, but, over the years, its numbers have gone down because of the economy. There is a big gap that will appear when the economy starts to pick up. Most of that, although it had an in-house aspect to the training for apprenticeships, also had an outside element, where people got experience by actively working with companies. I do not see anywhere in there where there seems to be that match. It would be interesting, because it is not that long ago that we had the presentation from the people who Bronwyn spoke about. You said that meetings have taken place, but how much influence do they have, and how much are they listened to in order to ensure that what they require for the future is actually put in place?

Dr Farry: There was a lot in that, Fra. You are very much pushing in the direction that we want to go in a lot of this. First, where there have been frustrations from employers, we want to address that, and one of the key outcomes is to put employers much more in the driving seat around apprenticeships. That creates a much more efficient system of supply and demand. When we used contracting, where contracts are awarded to training providers, whether an FE college or in the private sector, we found that, at times, that can create some distortions and inflexibilities in the system. That may well be the

source of where the frustrations are building up. If there have been frustrations between employers and the Department, we want to get past that. I am not sure that there have been. It is our mission to ensure that we are working and delivering on behalf of the economy.

At level 2, we see youth training really expanding and addressing training needs. The balance will probably more of training being provided with placements, whereas the apprenticeship is a job. Someone is employed in the world of work. That is the main place where they are, and they are learning on the job. However, as part of what we call the dual system, they also have the time that they spend either with an FE college or a training provider, or we may have something entirely different in Northern Ireland in due course. That remains to be seen. That is the big distinction in how we see things evolving. We want to see this moving up the skills ladder, and we want to see this delivering for the new sectors.

Mrs C Bell: At the time, we were responding to the economic downturn, where we could not get young people jobs. As the Minister said, an apprentice is employed. The other bit was that we could not get work placements, so we had to develop something, otherwise they would have been on the street. One of the jobs that we want to do is to examine the programme that those programme-led apprenticeship (PLA) young people in particular went through to see where they go and to see how the training curriculum that they received matches what they are being offered. The biggest area was electrical. Many of them are now being offered apprenticeships. We do not want to pay again for another level 2.

Mr F McCann: Sorry for hogging this, but I have one point on that. We are told that there seems to be a turnaround in the economy. We are told that more houses are being built and that new office buildings are being built, but, unless we move right away, you will find that, because of the level of skills and training that has been lost over the past number of years, people will be crying out to come into that. I remember Barry McElduff at this Committee referring to a newspaper article about an engineering company in Tyrone that said that people were being pushed in the wrong direction and that there was a skills shortage. How do we fill that? How do we sit down with companies? Do we give them a place to be able to say how they believe they can work in partnership with government?

Dr Farry: That is very much what the engineering working group is trying to address. It may be useful to have that dedicated focus around engineering skills and explain, from our perspective, where things are at.

Mrs C Bell: It is worth saying that one strand of work that we are looking at is on how we get the information from employers to inform what we do. If we go to one employer, we get a different answer to that which we get from another employer. We can use the sector skills councils, but do we need to do something else? That is one piece of work that is under way in the review.

Mr Douglas: Minister, my question is linked to what Pat and the Chair said about engaging the companies in apprenticeships. I was at a function recently at which a community worker talked about how young people felt marginalised and alienated. There were some businesspeople there, one of them said to me afterwards that he was going to contact that guy because he may have been able to offer him a couple of apprenticeships. There is a company beside me that employs about 12 people. It took on an apprentice just last year because somebody asked it to. Maybe Catherine can answer this. I know other companies that have taken on apprentices purely because somebody asked them. How do we ensure that those people are not falling through the loophole? How can we reach out to people and ask them whether they would be interested?

Mrs C Bell: First, we have been doing some publicity. Last year, the 'Belfast Telegraph' ran a campaign about 100 apprentices in 100 days. We followed that up by putting case studies into the paper. We are about to run the case studies again. Secondly, we have just come out of a period of economic downturn. People were loath to hire, whether it was apprentices or fully fledged craftspeople. We are past that. Therefore, our Careers Service and our employment service, in working with employers, should be raising the profile of apprenticeships. Thirdly, it is the training providers that get the contract from the Department for apprenticeships. It is their role to engage with employers. We have done it in a number of different ways, but there are other things that we need to do. That will come only as we produce a new model and role for apprenticeships. I was going to say "raise the status"; we need to reclaim the status, because that is what apprenticeships had. We want to see it beyond construction and engineering; we want to see it into financial services and the ICT sector. We talk about ensuring that we have the skills. Northern Ireland did incredibly well at

WorldSkills in Leipzig in early July; better than any other region of the United Kingdom. We have a lot to celebrate as well as trying to make things better. We want to build that into selling what we have.

Mr Buchanan: A lot has been touched on today. Training for Success will be successful only if the training programmes provided are employer-led. That is where the difficulty is and that is where the thing fell down from the start. The employer-led programme was scrapped and the programme-led was brought in, but it did not meet the need. We had folk in here who told us that, whenever someone came through the programme-led apprenticeship training and they took them on, they had to start training them up from the very start. The programme-led that they were on was a waste of time. It was a waste of years or whatever amount of time they spent on it. The best way to train someone as an apprentice is for the small company to train that individual. What incentive is the Department offering the small to medium-sized companies to train their own apprentices?

Dr Farry: That, Tom, to an extent, touches on the stuff that Pat raised. First, we do not have companies, period, taking on apprenticeships. There is an issue about how we encourage that in a more systematic way. Then, there is the very particular issue of SMEs that are less likely to hire apprentices. That is the common pattern in most jurisdictions, even in the very successful Germanic countries. Not every employer will offer apprenticeships, even in Switzerland or Germany, but we want to expand it massively. We need to look at the mechanisms around which we do this, which is either asking bigger companies to overtrain for the benefit of the sector or whether we can in put in place different schemes in which we can manage the risk that the SMEs perceive around hiring an apprentice. That could be either something along the lines of an incentive directly to them or an intermediary body that employs and bears the risk but is an employing agency on behalf of the SMEs. So, we are looking at different models, and we will look at some others before reaching a final conclusion. One of the key interventions is how we can particularly address the needs of SMEs. Again, I make the point that this is devolution in action. Northern Ireland is characterised as having more SMEs in the economy than a lot of other regions, so we want to give greater weight to that point in what we devise than maybe our counterparts would.

Mrs C Bell: I will add to that. On-the-job training is absolutely right. That is how a person develops the ability to operate under operational pressure. However, we do not want just to train the person for today. We want to help them to think to the future and to give them other skills, and that is where the off-the-job training comes in. We pay for all that; the employer does not contribute to it at all. At the end of the period, if the apprentice completes, we pay the employer around £1,500, I think, for keeping the apprentice on board. We pay for the training, and we give an incentive at the end. We have to get away from the perception of risk of taking on an apprentice.

The Chairperson: Minister, thank you very much for coming along. Derek and Catherine, thank you for your input.

Dr Farry: I am going to leave these two behind; I am going to move on as they delve into greater levels of detail. I will leave you in the capable hands of Derek and Catherine, and, hopefully, Andrew will join them as well. We will see you all very soon. We will continue our discussion on apprenticeships over the course of the autumn.