







Knowledge Exchange Seminar Series (KESS)
...is a forum that encourages debate on a wide range of research findings, with the overall aim of promoting evidence-based policy and law-making within Northern Ireland

NI Skills Barometer





KESS Presentation

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 February 2016



Agenda

- Background to the NI Skills Barometer
- Overview of approach
- Demand for skills
- Supply of skills
- Supply/ demand (im)balance
- Policy comments
- Annex 1: What else is the evidence telling us about the existing labour market?

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Background to the NI Skills Barometer



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Background to the NI Skills Barometer

- DEL sponsored 3 year project
- Broad number of stakeholder groups/ users including:
 - young people, parents and careers advisors
 - employers
 - education institutions
 - DEL
- Skills forecasting 'tool'
- Economy wide and across a broad range of skills/ qualifications



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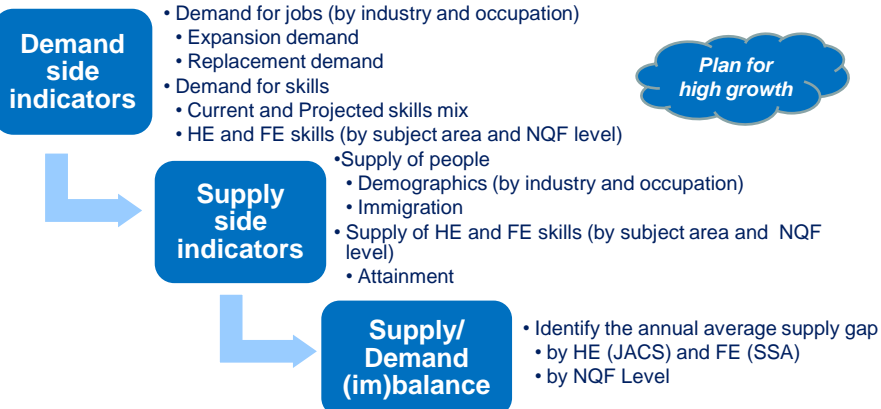
Overview of Approach



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Quantitative analysis

Identify demand and supply factors



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Sectoral insight also essential

- Consulting with a wide range of sector/ industry organisations
- Quantitative AND qualitative input is critical:
 - to review and enhance our quantitative analysis
 - provide sector insight



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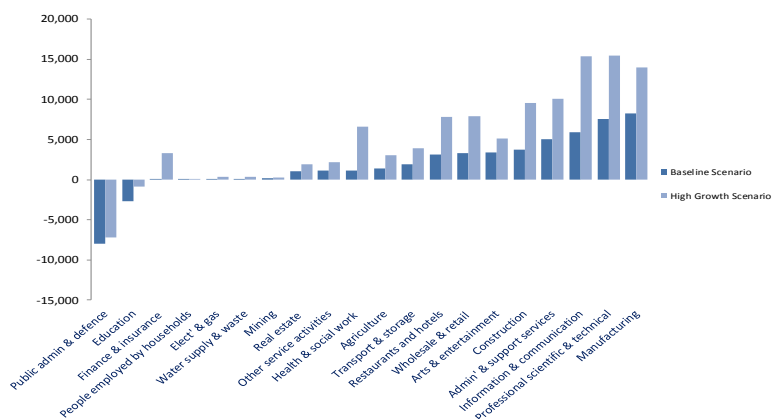
Demand for skills



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Employment projections by sector

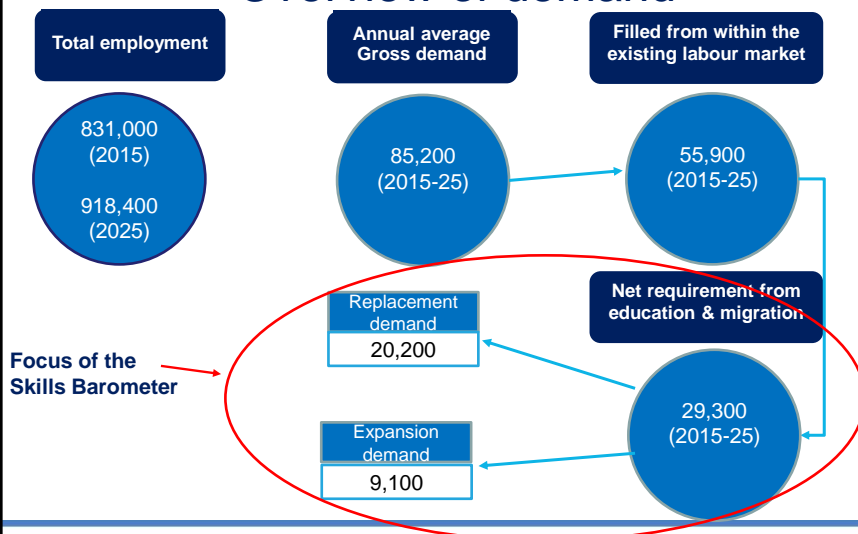
Total employment change by 1 digit SIC (2015-25)



Source: UUEPC

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Overview of demand

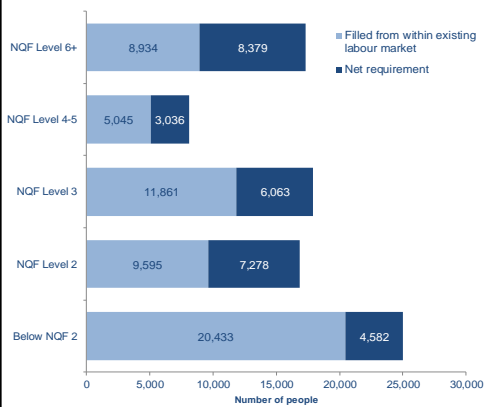


Source: UUEPC

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Gross demand by level of qualification

Annual average gross demand for skills (2015-25)



Source: UUEPC

- This chart sets out the annual average gross demand (i.e. 85,200) by skills level.
- The largest net requirement (i.e. from education) is at the graduate level, followed by NQF L2 and then NQF L3.
- Overall large demand for low level skills (below NQF L2) but a very significant proportion of that demand will be met from within the existing labour market. Demand for people with low/ no skills from education is small.

55,900 jobs filled from within the existing labour market

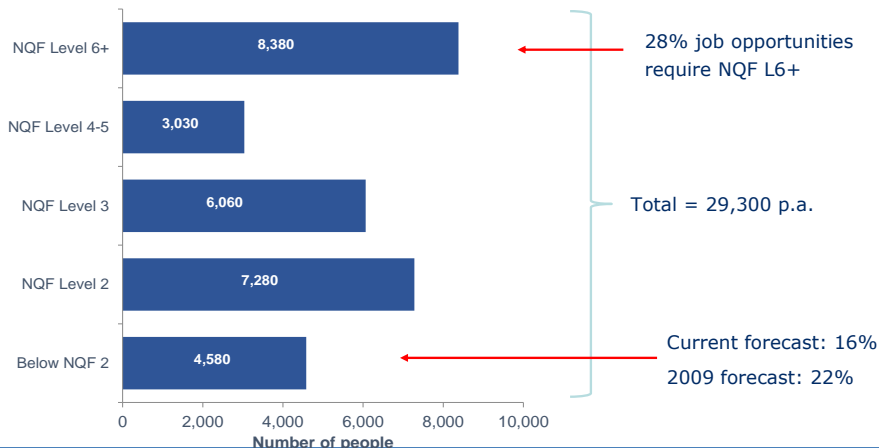
29,300 jobs required from education and migration



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Net requirement by skills level

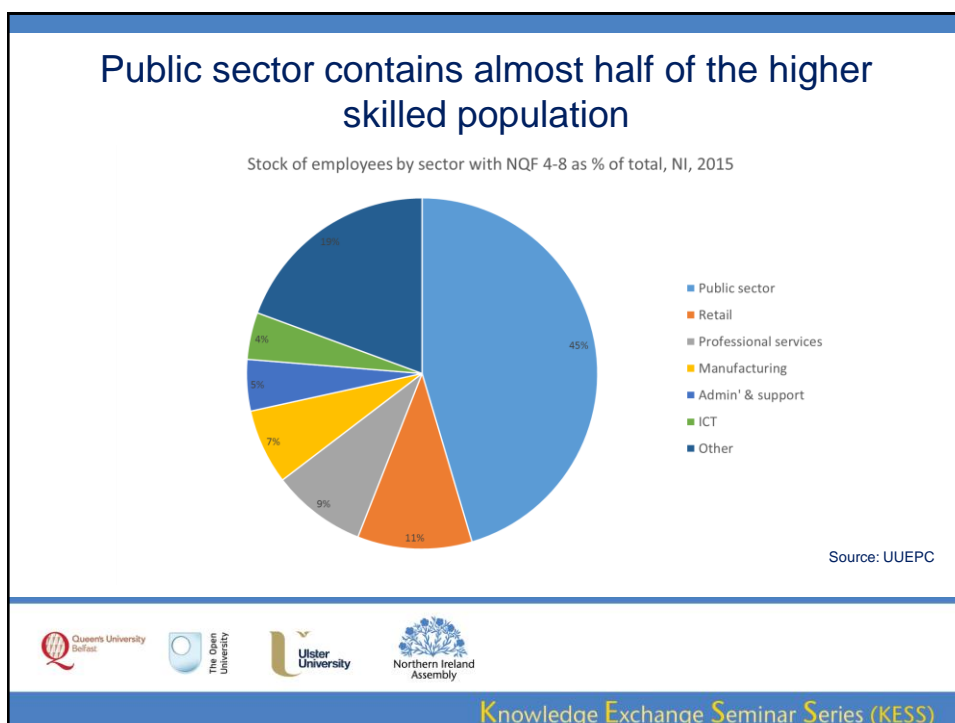
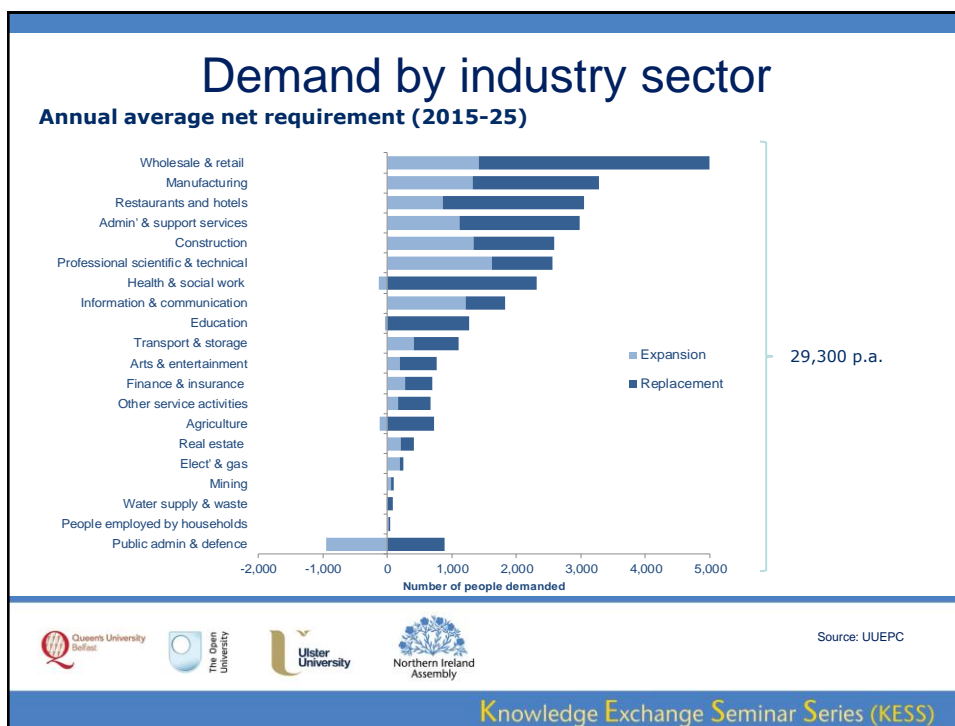
Annual average net requirement from education and migration (2015-25)



Source: UUEPC



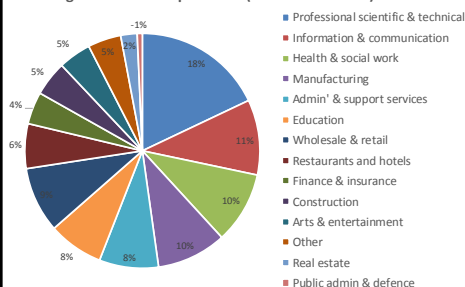
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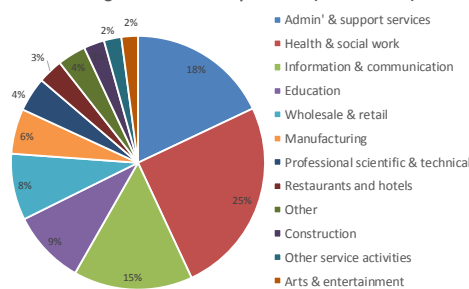
Sectoral demand (net requirement) by skills level

Which sectors recruit high (L6+) and medium skilled (L4-5) people?

High level skills requirement (Level 6 and above)



Sub-degree level skills requirement (Level 4 and 5)



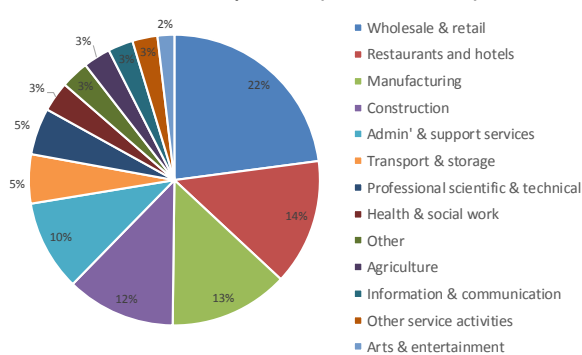
Source: UUEPC

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Sectoral demand (net requirement) by skills level

Which sectors recruit medium to lower skilled (L3 and below) people?

Mid to low level skills requirement (Level 3 and below)



Source: UUEPC

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Supply of skills



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Based on current trends NI continues to supply a pipeline of low skills

Highest qualification of school leavers



81,000 pupils projected to leave school without achieving at least 5 GCSE's including English and Maths over the coming decade

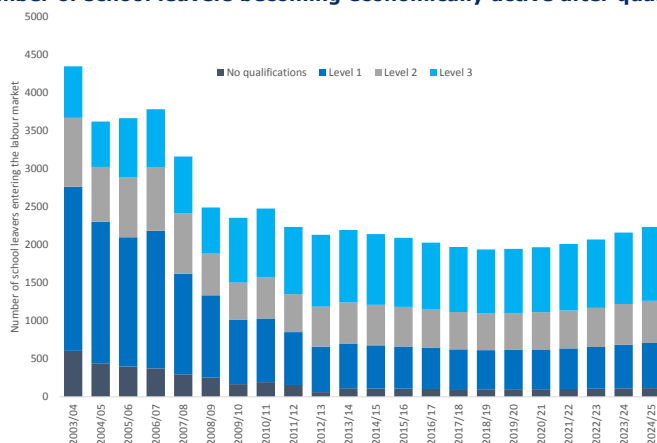
Source: DE, DEL, UUEPC



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But a smaller proportion of low achievers enter the labour market immediately

Number of school leavers becoming economically active after qualifying

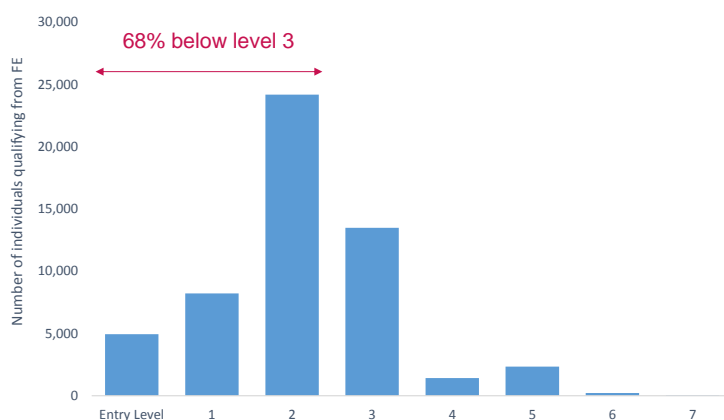


Source: DE, UUEPC

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Low school achievement feeds FE supply

Number of individuals qualifying from FE by NQF levels



Source: DE, UUEPC

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Economy wide supply of skills



Knowledge Exchange Seminar Series (KESS)

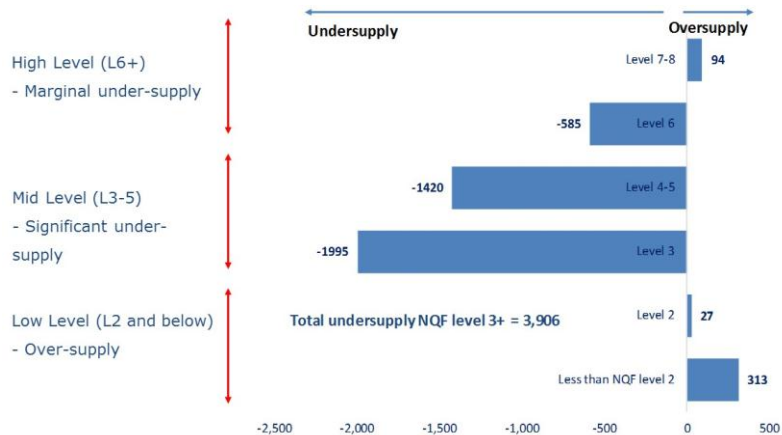
Supply/ Demand (im)balance



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Supply Gap – NQF Level

Annual average labour market supply gap (NQF L1 to L8)

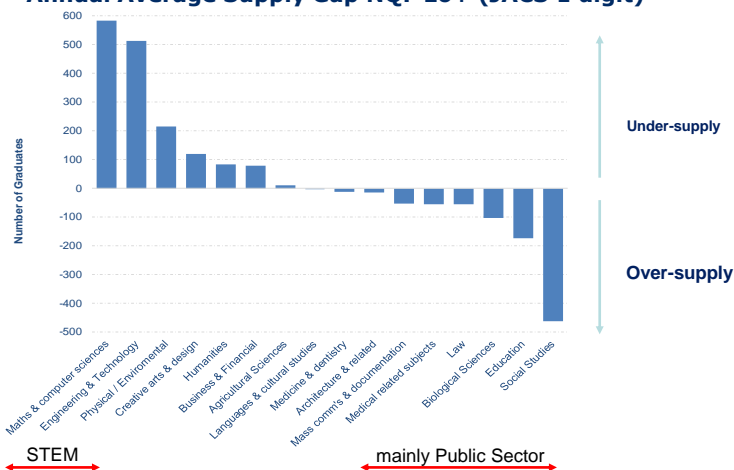


Source: UUEPC

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NQF level 6+ Supply Gap – Broad subject area

Annual Average Supply Gap NQF L6+ (JACS 1 digit)

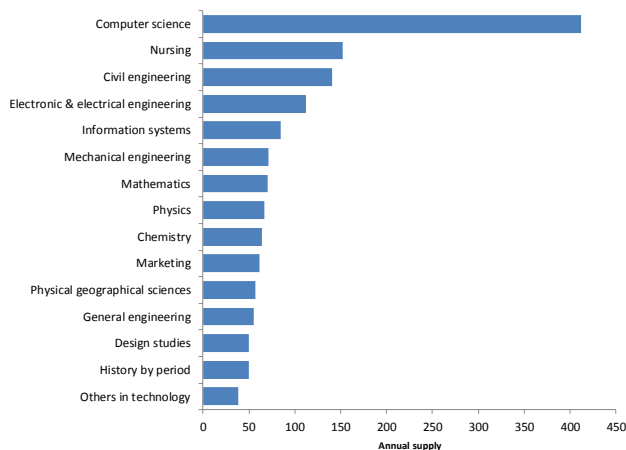


Source: UUEPC

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NQF L6+ Undersupply – Detailed subject area

Top 15 Annual Average Undersupply (2 Digit JACS)

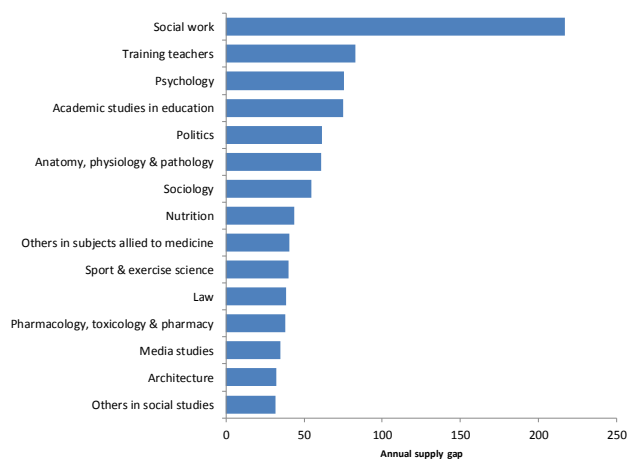


Source: UUEPC

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NQF L6+ Oversupply – Detailed subject area

Top 15 Skills Annual Average Oversupply (2 Digit JACS)

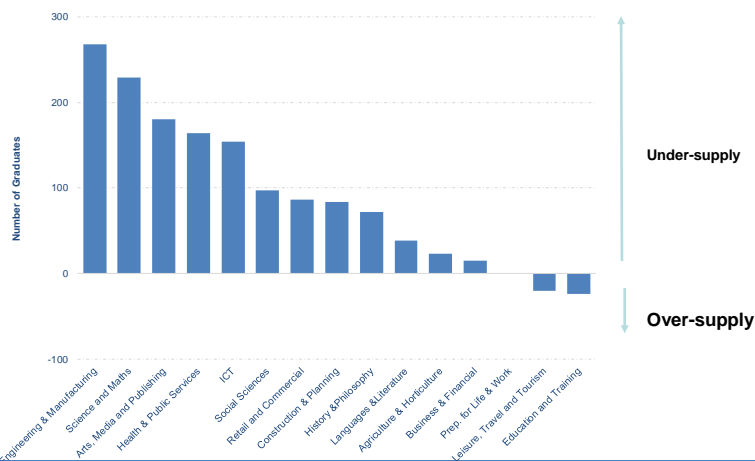


Source: UUEPC

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NQF L4-5 Supply Gap – Broad subject area

Annual Average Supply Gap NQF L4-5 (SSAs 1 digit)

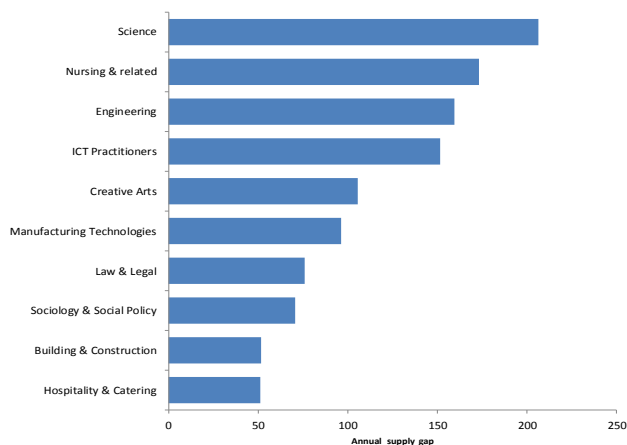


Source: UUEPC

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NQF L4-5 Undersupply – Detailed subject area

Top 10 Skills Annual Average Undersupply (2 digit SSAs)



Source: UUEPC

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Policy comments



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Policy Comments

The following policy comments have been made from the analysis:

- **High levels of job creation is required**
 - Lower economic growth could create over-supply.
 - Large numbers of skilled people will leave NI if employment opportunities are not available for them.
 - This is preferred to an under-supply of skills
- **Skills implications of austerity**
 - lower levels of government spending and recruitment levels will reduce demand for skills.
 - BUT Government spending and demand will increase in the medium to long term, therefore care must be taken with the policy response so as not to lose the capability to deliver this training in the interim.
 - In the short term, more skilled people for the private sector.



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Policy Comments

- **There is a need to over-supply**
 - Employers indicate that not all qualifiers have the skills required to work at level equivalent to the qualification achieved.
 - How do we deal with this issue?
- **Potentially linked to the need for employability skills**
 - Strong need for employability skills such as: team working; good communication; people management; problem solving and critical/ objective thinking, initiative, commercial acumen.
 - Education institutions must integrate the development of these skills into course delivery.
 - Students must get appropriate exposure to meaningful work experience, typically through placement and/ or internship.
 - Balancing the responsibility of the education institution and the responsibility of the employer.



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Policy Comments

- **Policy response to areas of oversupply** – avoid an initial (knee-jerk) response to simply reduce provision (and this may be necessary), but alternatives exist:
 - Selling NI as a FDI location to industries requiring those skills
 - Education institutions could sell over-supplied courses to international students
 - Conversion courses
- **The image of FE**
 - The image of FE must be considered the equal of HE, if all young people are to match their career choices with their abilities.
- **Setting appropriate funding incentives**
 - If Government want to encourage improved outcomes (e.g. higher employment outcomes), then the funding regime should incentivise and reward those outcomes.



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Policy Comments

- **Sector attractiveness**
 - Some sectors need to work harder to make their industry attractive to potential recruits.
- **Companies should broaden their search criteria**
 - Employers should consider the skills developed across a broad range of qualifications. Do not focus solely on traditional sector qualifications



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Annex 1: What else is the evidence telling us about the existing labour market?

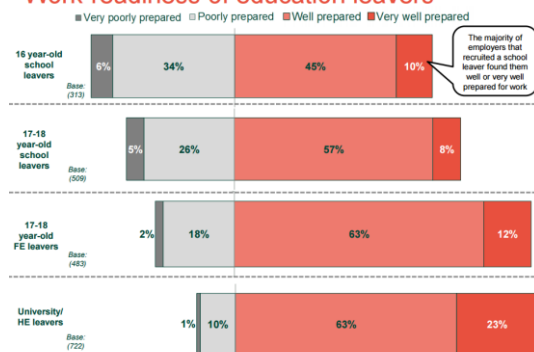


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Work readiness is a problem

Number of school leavers becoming economically active after qualifying

Work-readiness of education leavers



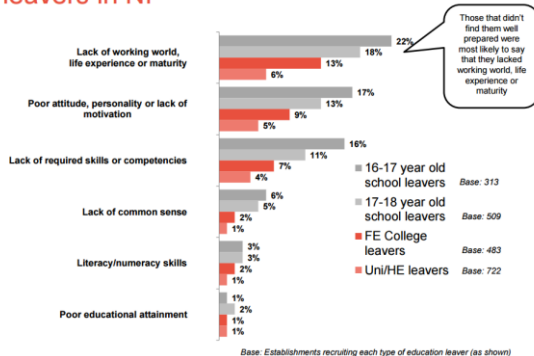
Source: DE, EPC



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Employability skills crucial

Skills and attributes lacking in education leavers in NI



Source: DE, UUEPC

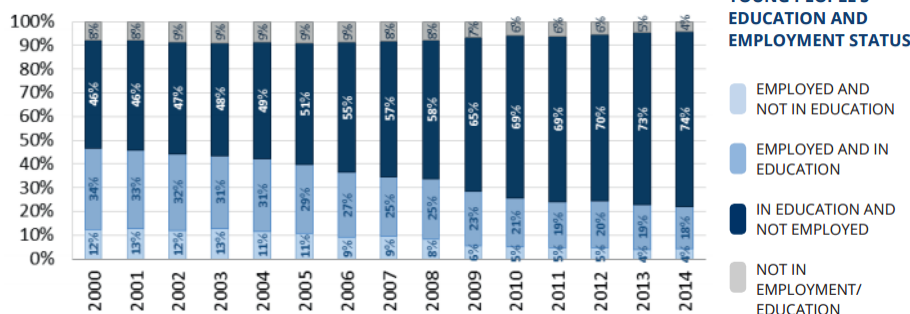


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Work readiness is a problem

Number of school leavers becoming economically active after qualifying

YOUNG PEOPLE AGED 16-17



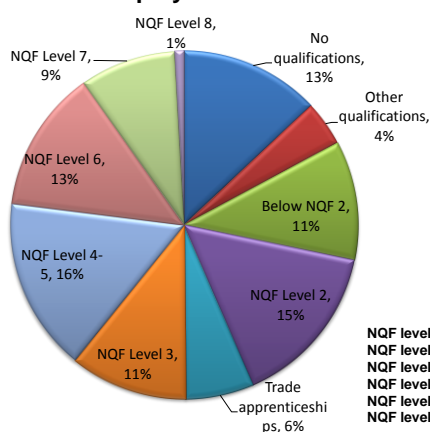
Source: LFS



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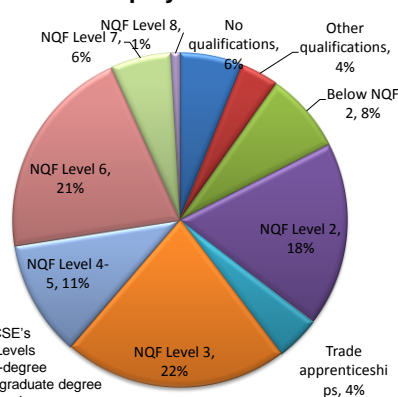
How skilled are we?

Employed - >35



NQF level 2: 5+ GCSE's
NQF level 3: 2+ A-Levels
NQF level 4-5: Sub-degree
NQF level 6: Undergraduate degree
NQF level 7: Masters degree
NQF level 8: PHD

Employed - <35

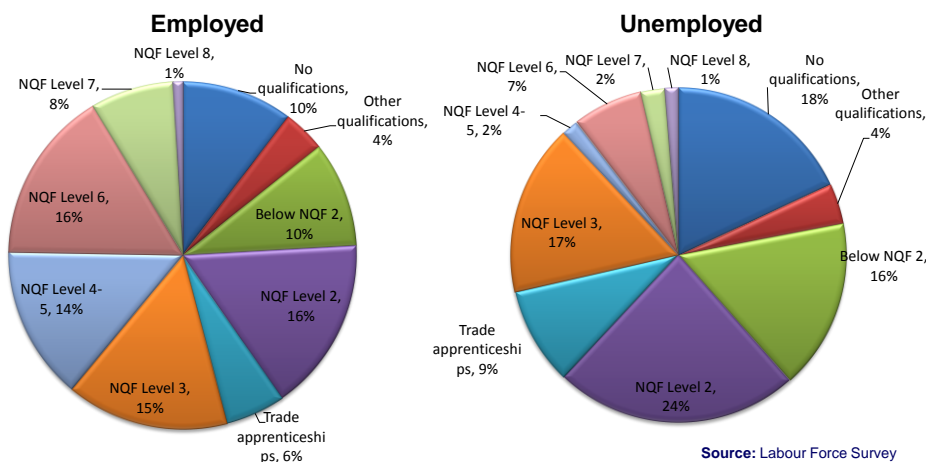


Source: Labour Force Survey



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How skilled are we?



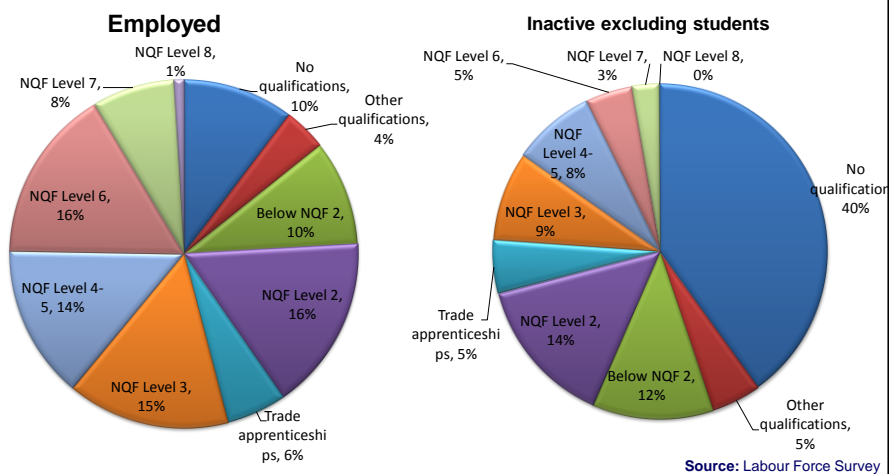





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Thank you



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Northern Ireland
Assembly



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...is a forum that encourages debate on a wide range of research findings, with the overall aim of promoting evidence-based policy and law-making within Northern Ireland