



Northern Ireland  
Assembly

Committee for Employment and Learning

# OFFICIAL REPORT (Hansard)

Skill Exchange UK

8 May 2013

# NORTHERN IRELAND ASSEMBLY

## Committee for Employment and Learning

### Skill Exchange UK

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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 Phil Flanagan  
Mr David Hilditch  
Ms Bronwyn McGahan  
Mr Pat Ramsey

**Witnesses:**

Mr Philip Flaxton                                  Skill Exchange UK

**The Chairperson:** I welcome Mr Phil Flaxton, chief executive of Skill Exchange UK. Phil, you are very welcome to the Committee. Members have received your written briefing.

**Mr Philip Flaxton (Skill Exchange UK):** Good morning, Chair and members of the Committee. Thank you for inviting me to discuss the skill exchange hub programme and our plans to establish a network of skill exchange hubs in Northern Ireland. I will give you a concise overview of the initiative, including our progress to date in Northern Ireland and the rest of the UK. I will explain how we engage with MLAs, employers, business support groups and the Northern Ireland Executive to drive the initiative forward.

Our goal is to drive employment, growth and competitiveness by promoting employer skill recycling through localised online skill exchanges. Skill Exchange UK is an independent, not-for-profit organisation that is being developed in conjunction with leading employers, the Advisory, Conciliation and Arbitration Service (ACAS), and the Trades Union Congress (TUC). It provides a simple but highly innovative service aimed at local employer skill recycling — an efficient and more sensible alternative to skill wastage — by facilitating local placements for underused staff into other firms that can benefit from the loan of skilled staff at low cost.

The skill exchange local hub programme uses the internet's always-open networking environment to facilitate connections between member employers. It provides introductions to employees made available for secondment or for development of careers and skills, as well as an easy and safe way to exchange ideas and information. Both employers save by simply sharing the costs of the employee being exchanged. The skill exchange has the long-term aim of improving productivity and competitiveness, and creating growth in the workplace through the introduction of a brand-new recycling attitude to valuable local resources among local businesses. It will create local skill exchange hubs based on travel-to-work areas across the UK. This will enable employers to share skills, offer work experience opportunities and share information and practical ideas that will assist with

capacity issues and improve staff development and retention, allowing more efficient deployment of skills and people.

Employers of any size and from any sector can join together to create online local networks that will act as a clearing house for good ideas and the development of local solutions to local challenges. The key objectives are: to provide local customised skill exchange hubs to stop skills wastage and redundancy; to develop and share skills locally; to generate and exchange new ideas; to champion new ways of working; and to provide development opportunities.

Many employers are still too willing to reach for the redundancy solution when facing short-term challenges. That denudes the skills base in the local economy, disperses skilled workers and hinders recruitment when economic conditions improve. The local skill exchange hubs will provide an alternative to that by introducing an IT and social media-enabled approach whereby skills can be retained in the local economy. The hubs will be employer led, with local leadership and employer involvement, and, thus, will be responsive to local needs. Organisations will be able to cover short-term skill requirements and capacity issues faster and more efficiently by using their online local exchange, and they will even cover maternity/paternity vacancies across the local workforces. That will impact on and expand the skills base, improve job markets and job opportunities locally and, ultimately, nationally. Employers and key influencers will create job opportunities by supporting and sponsoring work experience opportunities, apprenticeships and training and development in the workplace.

The local skills exchange hub programme operates across all industry sectors to provide employer members ways to cut costs but retain their key staff by lending or renting them out to other firms and sharing the costs. At the same time, substantial benefit will flow up and down the supply chains as skills and experience develop, knowledge transfer takes place, and information and best practice are genuinely shared. The concept has been developed over the past 18 months by an inspired group of employers and representative organisations that see skill recycling as too good an idea not to be developed. They have invested a high degree of intellect and wide experience to develop a simple, low-cost, low-risk but high-impact solution to solve the problem of skills wastage and talent shortage.

A local skill exchange hub is inexpensive and simple to set up. It is easy to use and significantly enhances the management and deployment of an organisation's workforce. It also signals to employees that their employer has a strong commitment to the development and welfare of staff, leading to a happier and more productive workforce. It is anticipated that membership will consist of local public sector and private sector employers, colleges, business membership bodies and trade unions. Of course, endorsement and support is also invited from MLAs. A skill exchange hub requires collective funding of £52,000 for a three-year licence agreement. I have further details on that, and I think that there is information about it in the packs that were provided. I am happy to take questions on that in a moment.

The first skill exchange hub in the UK was launched in Ballymena last November and was funded by Wrightbus, Michelin, Moy Park, Dunbia, JTI and the Northern Regional College. We are now working to create further hubs throughout Northern Ireland, including Belfast, Lisburn and Derry/Londonderry. In fact, the next hub will be launched in Belfast at the end of June.

This initiative has already gained the support of the following organisations in Northern Ireland: the Department for Employment and Learning (DEL), the Northern Ireland Local Government Association (NILGA), the Equality Commission, the Labour Relations Agency, the Engineering Employers Federation, the Institute of Directors (IOD), the Confederation of British Industry (CBI) and Invest NI. Furthermore, the following Members of Parliament are supporting the creation of hubs in Northern Ireland: Lady Hermon, Naomi Long, Jeffrey Donaldson, Ian Paisley, Jim Shannon, Mark Durkan and Alasdair McDonnell.

Clearly a financial contribution from DEL would accelerate the expansion of the programme in Northern Ireland, and we would welcome the advice and support of this Committee in helping to address this matter.

With regard to the rest of the UK, we are now engaging with employers to establish skill exchange hubs in Cardiff, Swansea, Edinburgh, Glasgow, Aberdeen, Dundee, Congleton, Stoke-on-Trent, Birmingham, Newcastle, Maidstone, Folkestone and London. More cities and towns will follow, in order to create a UK-wide network of skill exchange hubs that will all be linked to one other as the programme develops. In doing so, each hub will contribute to the UK's growth and development

through job creation and skill recycling. Thank you for listening, and I am now pleased to address any questions from Committee members.

**The Chairperson:** Philip, thank you very much. As a Member who represents North Antrim, which includes Ballymena, I can claim a bit of knowledge. I am well aware of the first skill exchange hub in Northern Ireland, which was the first in the UK at that stage. I am fully aware that the companies listed engage regularly through the Chamber of Commerce and all the employer representative bodies in the town. What makes skills exchange worthwhile for them to pay £52,000 to get a hub up and running? What can they get from it that they cannot get with the networks that they have already? What does the licence actually get them?

**Mr Flaxton:** It is an online platform; so each hub that rolls out, effectively, has its own website, which contains the facilities to create profiles of the employees that are available for secondment. The employer might also want to loan them out from the point of view of career development or perhaps for upskilling by another large employer and have their existing skills developed. So, the hub is really a specific IT platform and website that pertains to a particular town or city. Of course, we will be working with chambers of commerce, the IOD and the CBI as part of the process. In fact, this afternoon, I have a meeting with the Federation of Small Businesses to discuss its involvement with the programme.

**The Chairperson:** I saw the Ballymena hub launched last November. Is it working? Do you know whether anyone has been shared?

**Mr Flaxton:** Yes, it quite interesting. The hub was launched at the end of November, and, of course, it then had to go through a period of implementation of the software, and so on. In fact, the funding partners that I referred to a moment ago have decided to lead the initiative by providing local businesses — small and medium-sized enterprises (SMEs) in particular — in Ballymena with the opportunity to put staff forward for training by the funding companies, which, this year, will run their own internal and external training programmes for their staff. They have said that they will make a number of free places available to SMEs if they have a member of staff that they want to be upskilled. Companies such as Moy Park, Michelin and others will provide that. They are working on several exchanges, and that will start to take place very soon.

**The Chairperson:** You mentioned exchanges and the stakeholders you had engaged with. If I am an employer and I lend an employee to Tom, how would that comply with employment legislation? I am thinking mainly about agency regulations in Northern Ireland. Would it make me an agency provider or is that in some way covered?

**Mr Flaxton:** No. The hubs are not looking to fulfil any obligations for full-time employment or even to provide temping. A large employer might face the prospect of having to put people on short-time working, or potentially lay them off, and of course losing those skills has a great cost, not only to the employer but to the local community and economy. If the details of an individual's skills are on the local hub and I, as an SME, am searching for a particular skill, I can look at the profiles that match my requirement, make contact with the employers of that skill and bring people across for a period of time. That does not really encroach on employment agencies or temping staff.

You asked about employment legislation, and so on. We consulted the Labour Relations Agency and the Equality Commission last autumn. On close scrutiny of what we were attempting to do in Northern Ireland, both were very happy to support the initiative.

**The Chairperson:** I have one last question before I open the meeting to members for questions. You are talking about expanding in Northern Ireland. You have a hub in Ballymena and are talking about Lisburn and Belfast. Is Northern Ireland large enough, geographically, to sustain three or four hubs, or would we be better looking at one Northern Ireland hub? An hour and a half will take you from one end of the country to the other. Are we creating too many hubs?

**Mr Flaxton:** That will depend very much on the local employers who want to create a hub. It was interesting that when we spoke to NILGA last year, its view was that there could potentially be four hubs in Northern Ireland, although it has been said to me that there could be a maximum of six. In fact, whether the number remains at three or is more than that will be very much dependent on the take-up via local employers. I am coming back to Stormont next Tuesday to talk to the Northern

Ireland Assembly and Business Trust and, hopefully, to engage with some businesses throughout the Province.

**Mr P Ramsey:** Is it a not-for-profit organisation? Is it a social economy-based programme?

**Mr Flaxton:** Yes, it is registered as not-for-profit.

**Mr P Ramsey:** Was it created in England, initially in London?

**Mr Flaxton:** Yes, the concept was created primarily by ACAS and the TUC.

**Mr P Ramsey:** I am trying to see the dividend for a small or medium-sized business or what contribution they have to make to be part of the recycling of the job. Are councils signed up to it yet?

**Mr Flaxton:** Yes; Ballymena Borough Council is supporting the initiative.

**Mr P Ramsey:** Supporting it; but does it make a contribution towards it?

**Mr Flaxton:** In its case, it has not made a financial contribution. It decided to become a supporting partner and is donating benefit in kind. The way that has manifested itself is that the council identified two members of staff who will keep the hub website up to date with content as it comes in. Belfast City Council is going to be a funding partner of the Belfast hub.

**Mr P Ramsey:** How much will it contribute if it is a funding partner?

**Mr Flaxton:** The matter is going before a development committee, but I think it is looking to contribute 25% of the £52,000 — so, that is £13,000 — which is over three years. It is not £13,000 a year; it is a total of £13,000 across 36 months.

**Mr P Ramsey:** Of the existing companies around Ballymena that form part of the structure — and I am talking about the bigger companies such as Wrightbus — how much do they contribute?

**Mr Flaxton:** I am sorry; I am a little bit hard of hearing, so I apologise. Are you asking how much the larger companies contribute?

**Mr P Ramsey:** Yes.

**Mr Flaxton:** Those that I read out — Moy Park, Michelin, Dunbia, Wrightbus, and so on — basically split the cost of £52,000 between them.

**Mr P Ramsey:** Do they get the full benefit of membership?

**Mr Flaxton:** Yes, they do. Basically, once a hub has been funded by public or private sector organisations — and in some parts of the UK, it might just be private sector organisations — any other third-sector, charity, not-for-profit or SME organisation can use the facilities of the hub for free. If another large employer wants to become a member of that particular hub, it will be required to make a financial contribution, not to Skill Exchange UK but to the local funding hub. That money would be set aside for the hub to decide how it wanted to spend it over the three-year period.

**Mr P Ramsey:** Finally, how many people are employed in the hub in Ballymena?

**Mr Flaxton:** In the hub itself?

**Mr P Ramsey:** In the hub.

**Mr Flaxton:** Nobody is employed in the hub, because it is virtual.

**Mr P Ramsey:** It is all online?

**Mr Flaxton:** Yes. Each hub has to appoint a chairperson, who acts as the day-to-day contact with my secretariat and also talks to the local press and generally liaises with the members of the hub. That could be anybody really. In the case of Ballymena, the funding partners decided that none of them should act as the chair, so they appointed the business development director from the Ballymena Chamber of Commerce, Chris Wales. He is now acting as chair of the Ballymena hub. I hasten to add that the position is non-salaried and not full time.

**Mr Buchanan:** As far as the small businesses and the contribution they would have to make is concerned, you have already said that, when the hub is formed, a small business can get it for free and does not have to pay to be part of it: is that right?

**Mr Flaxton:** That is right.

**Mr Buchanan:** How do you define a large and a small business? Is it the number of employees?

**Mr Flaxton:** Yes. Typically we refer to our definition, which I think is widely accepted, that an SME is an organisation employing fewer than 250 employees. We would regard a microbusiness as one with anything up to 20 employees. I think the point that I just made was originally devised by the old Department of Trade and Industry. In my career, I have owned and run several small businesses, so I understand the SME community very well. Typically, an SME would have between 20 and 50 employees.

**Mr Buchanan:** Do you do any advertising so that small businesses in the area know that this service is available?

**Mr Flaxton:** Yes. The Ballymena Chamber of Commerce has very actively promoted the service to its members, and Invest NI has promoted it to organisations in the north-east of Northern Ireland. Of course, the service has also had some really impressive media coverage, including from the 'Belfast Telegraph', UTV, and the 'Newsletter'. The 'Ballymena Guardian' and the 'Ballymena Times' have also done a lot of editorial on the subject. I have to say that Ian Paisley, the MP for Ballymena, has also been very active in raising awareness of the hub in Westminster and in his constituency.

**Mr Buchanan:** Finally, have you had any discussions with employers in the south-west — for instance, Fermanagh, Omagh or Tyrone — regarding the establishment of a hub there?

**Mr Flaxton:** Not yet, but we would welcome the opportunity to do so. I first came to Northern Ireland for Skill Exchange UK last August, and I and my team have now made 18 visits here. We have been up to Derry/Londonderry and have had meetings in Lisburn and various other places, but we have not yet got to the south-west or the north-west really.

**Mr Flanagan:** I am sorry that I missed the start of your presentation, but I think that I have picked up on what you were covering. Generally, who acts as the lead partner? I know that you said that someone from the Ballymena Chamber of Commerce is the chair, but who generally is the lead partner? Who drives this thing forward?

**Mr Flaxton:** It is a concerted group effort. Obviously, the funding partners, apart from providing the funding, are keen to engage with local SMEs in the town. Chris Wales has also done an awful lot to promote the scheme.

On 5 June, they are holding the first of a series of open evening workshops, to which they will invite SMEs to come along after work and sit down with the funding partners. I believe that Ian Paisley will also attend some of those meetings. The workshops will give SMEs an opportunity to put questions to the large employers in Ballymena about the hub and to share any concerns they might have over the development and retention of skills. I think that those workshops will do an awful lot to raise awareness.

**Mr Flanagan:** Does someone from your organisation provide an oversight role to make sure that it is working? I am sure that there are some hubs where nobody is really driving the thing forward; people will have just paid the £52,000 over the three years and not much is being done. Is that the case?

**Mr Flaxton:** At the moment, there is only one hub, in Ballymena.

**Mr Flanagan:** Do you not have any in Britain?

**Mr Flaxton:** No.

**Mr Flanagan:** I am sorry, I was late.

**Mr Flaxton:** To explain briefly, last summer, we held an event in Westminster for Members of Parliament. Ian Paisley attended that event. We had not met Ian before, but, after our presentation, he stood up and said to all the assembled Members of Parliament that he thought that it was an excellent idea, that he would like Northern Ireland to lead the initiative in the UK and, furthermore, that he would like Ballymena to lead the initiative in Northern Ireland and the UK. So, Northern Ireland is very much in the vanguard. I read out a list of towns and cities in England, Scotland and Wales with which we are currently engaging.

**Mr Flanagan:** On the face of it, this seems like a very sensible thing to do; it seems like a great idea. However, what are the negative aspects of it?

**Mr Flaxton:** I cannot think of any, to be honest. It is a win-win situation for employers and their staff; it is a way for a community to ensure that skills are not lost. Several organisations have spoken to us. For example, you may recall that, a few years ago when the economy really started to take a dive, Honda closed its Swindon plant for five months. It did not want to lose any of its highly skilled workforce, and it was able to redeploy some of those people through its supply chain.

When the plant reopened, Honda brought those people back in. Honda has told us that if Skill Exchange had existed back then in Swindon, it would have seen a great opportunity to use it. As I say, I cannot think of any negative aspects to it.

**Mr Flanagan:** Where does the money go?

**Mr Flaxton:** The £52,000 is spread over three years. In year 1, the funding that is required amounts to £28,000, which covers a membership licence fee that is paid to Skill Exchange UK and costs £12,000, and the purchase of a customised skills mobility exchange solution, which is the software platform that we have to buy in order to drive the local hub, which costs £16,000. In years 2 and 3, there is a collective annual membership licence that costs £12,000 per funding partner. That covers the ongoing support materials and the development of each hub.

As those hubs come online, it is not just a case of taking the software platform out of the box and plugging it in; there is a high level of customisation to each hub. We spent a great deal of time over an eight-week period with the funders of the Ballymena hub in order to understand what their requirements would be.

In the east of England, for example, which is heavily reliant on agriculture and food processing in places such as Lincolnshire and Norfolk, the requirements of a hub in that area will be very different from those in the West Midlands, which is primarily reliant on manufacturing and heavy engineering; so a high degree of customisation is required before we can deliver the hub to launch.

**Mr Flanagan:** Is there anything to stop a local council doing this itself without using your organisation? What are the benefits to a council of involving you in this process as opposed to doing it itself?

**Mr Flaxton:** The software platform that has been developed is a very intuitive piece of technology. We do not have time to go into the detail of that now, but I will be happy to provide information on it after this meeting. I invite you all to visit the Ballymena hub to try it yourselves. With respect, you would then fully understand that it is not just a website; it does an awful lot.

I suppose that if a council wanted to develop its own software to do something similar, it could do so.

**Mr Flanagan:** I do not understand what the software does. If I own a business, do I say that I have a person who has such-and-such skills and that I need them for only two days a week, and ask whether anybody else wants them for three days a week? Is it like a forum?

**Mr Flaxton:** There are two elements to the website. There is the public-facing element on which anybody can browse information. The secure part of the site, which is password protected, is where you, as an SME, will have to complete an online registration form and join. As I said, there is no fee involved. Once you have joined, you will get access to the back end of the system. That is where you, through a process of drop-down menus, can create a profile of the person whom you want to place on the Skill Exchange hub. It will look at things such as how long they have been with the organisation, their internal and external qualifications, and whether they have line manager responsibility. Anybody searching for that skill will have a good idea from the outset whether that particular skill set matches their requirements. They can then put on the profile things such as how long they are prepared to make the person available for. That could be anything from one day a week up to full time for a year; it is very flexible in that regard. It also allows them to stop any of their direct competitors viewing that person's details. In fact, when we were developing this, one of the big supermarket chains said that it did not want its staff going off. You simply type in the names of your competitors, and the system recognises that, so that anybody from those competitors searching would not be shown your staff's details.

You can also select what you are looking to recoup in a contribution to that person's salary costs, which can be anything from zero to 100%. You might say that you would like to recoup 60% of the person's salary costs; you do not want to lose them, but you want to recoup something.

**Mr Flanagan:** Does the request for the partnership go to the employer or the employee? Who makes the decision?

**Mr Flaxton:** It goes through the employer, although the employee has to agree to go on the system. You do not put in the person's exact salary; there is a series of bands, such as £20,000 to £30,000, and so on. If I am searching for a skill, once I have looked at that, I know who that person works for. I do not know the details of the person; there are no individual contact details. There is no way of putting the individual's name or anything about them or their contact details —

**Mr Flanagan:** Are you still entitled to interview them before you enter into the partnership?

**Mr Flaxton:** Sorry?

**Mr Flanagan:** If you are trying to get somebody from me for three days a week, are you still allowed to engage in an interview process with the individual to see whether they meet the needs of your company?

**Mr Flaxton:** No.

**Mr Flanagan:** It is a blind thing?

**Mr Flaxton:** Yes. The only way in which you can do it is through their employer. Let us say that I am Wrightbus and you are Michelin, and I have seen somebody or a skill on the hub. I see what salary band the person is in, and I can see when they are available and what their employer is looking to recoup in contribution. I would then make contact with you.

When you create a profile, the system automatically generates a profile number. I would quote that to you, and you would say that you know who I am talking about. The hub's job is done; it has made the match. It is then up to the two employers to discuss terms and agree financial terms. If the person goes across, their salary continues to be paid by their existing employer because they never leave their employment. All their terms and conditions of employment remain the same; there is no break in service. The seconding organisation would issue a monthly invoice to the seconded company, so there is a straight financial transaction. Once that secondment is completed, the individual goes back.

**Mr Flanagan:** How many employees have participated in the scheme in Ballymena?

**Mr Flaxton:** As I said when you were out of the room, the Ballymena partners started the hub to try to help SMEs to upskill and retrain their staff. There are two secondments under way.

**Mr Douglas:** Thank you for the presentation. You mentioned a number of MPs who are very supportive, but you did not mention any Sinn Féin MPs. Is there a reason for that? Perhaps Phil would know.



**Mr Flaxton:** When we held the event last summer in the Palace of Westminster, some 46 MPs from all parties attended. Some of those from the list that I read out earlier of towns and cities that we are engaging with have come forward to say, "We would like to see a Skill Exchange hub in our constituency." It was on that basis only that I mentioned the MPs.

**Mr Douglas:** I am still trying to get my head round what actually happens. I understand the hub, but I agree with Phil that there must be a huge amount of work involved in addition to your website. For example, if someone goes to a company and it does not work out, who does all the work? There are so many complexities in the process. There must be some person who drives the process. As Phil said, in Ballymena, you do not have a chair, so who actually drives it? Does the Ballymena hub have any targets? If so, who drives them?

**Mr Flaxton:** It is primarily the chair of the Ballymena hub who is tasked with driving the initiative forward. However, as I said, it is an online system.

**Mr Douglas:** Even that takes up a fair amount of time. Working on the website and even filling the registration form out takes time. Somebody has to do that.

**Mr Flaxton:** As part of the licence fee, we have a web team that liaises with the hubs. In the case of Ballymena, Ballymena Borough Council has identified two individuals, and some of my web team are now working with them. There are two things that we can do when a hub is created. We can provide free training to those who want to keep the hub's site up to date, and we have done that with the people from Ballymena Borough Council. However, all they are doing is taking information, such as a press release from Michelin, for example, or a piece of local news that is relevant to the hub, and uploading it. Any one of the funding partners could upload that information themselves, because there is a fairly simple customer relationship database management system that does that. In the case of Ballymena, the information would be sent to the two people at the council who would deal with it. As I said, our people will deal with anything of a more technical nature.

**Mr Douglas:** So, you have a web team, and there is a person identified in a hub to link in with that. It is not just a matter of going on a website and downloading everything yourself; there is a team to support the initiative.

**Mr Flaxton:** Yes, there is.

**Mr Douglas:** That is very good, but it would be good if you were able to do a case study to personalise it. For example, for someone who left Wrightbus, you could show what had happened since they left, whether they wanted to go et cetera. Some sort of case study would be helpful.

**Mr Flaxton:** Absolutely. It has already received a great deal of interest from national and local press around the UK. The 'Sunday Times' and the 'Daily Telegraph' have both written about Skill Exchange UK, but they have now said, "What we really want is a case study". In fact, the 'Belfast Telegraph', which did some excellent coverage of the launch last November, rang me last week to ask, "When can we get a case study, because we want to follow this in Northern Ireland?" The guys in Ballymena are working very hard to get those two placements made so that we can present a case study. The race is on.

**Mr Douglas:** Thank you.

**The Chairperson:** I remind members that the Northern Ireland Assembly and Business Trust breakfast on Skill Exchange UK is on 14 May at 8.00 am. If any members want to attend, let the Committee Clerk know. Philip, thank you very much for your time.

**Mr Flaxton:** Not at all. Thank you all for your time.