

NORTHERN IRELAND CHAMBER OF COMMERCE AND INDUSTRY RESPONSE TO THE DRAFT 10X SKILLS STRATEGY – AUGUST 2021

1.0 INTRODUCTION

With 1,000 members, representing almost 105,000 employees, Northern Ireland Chamber of Commerce and Industry (NI Chamber), has supported the development of the economy for almost 240 years and is 100% funded by the private sector. We work across all of Northern Ireland, helping SMEs to grow and export and larger firms to thrive.

Our membership spans businesses across key sectors including manufacturing, construction, professional services and a broad range of wider services. NI Chamber consults with these members on a regular basis, around all issues/concerns that they face in doing business locally, nationally and internationally.

NI Chamber congratulates the Department and other parts of government for taking a strong lead on the Skills Strategy and working with NI Chamber and the wider business base to drive this policy priority forward. We all know what the challenge is, its scale and complexity, and are fully prepared to play our part in supporting the Department, wider government and the business community to take forward the Strategy's ambitious vision and goals.

1.1 Business Engagement

We have consulted widely with our members in preparing this response and involved the Department for the Economy in this discussion through our Skills Subcommittee and also the Future of Skills campaign which has involved a number of interactive discussion led events with our partner NIE Networks. The extent of engagement by members is a testament to the importance that they place on skills development and the awareness that their commitment matters to making the 10X Skills Strategy a success. We have set out below feedback from our members on the Strategy and have included where possible recommendations on how particular issues can be addressed. We appreciate this will be an on-going conversation with the Department as the core elements of the Strategy are bedded in and agreed and an action plan and deliverables are put in place. We look forward to continuing our engagement as this process in the coming months.

2.0 OVERVIEW

NI Chamber welcomes the opportunity to respond to the 10X Skills Strategy consultation. The Department has demonstrated great leadership and commitment in driving forward the overall 10X Strategy, which in our view represents an exciting and innovative shift in how economic policy will work in this region. The explicit focus on skills through the 10X Skills Strategy paper is a hugely welcome addition.

The 10X Skills Strategy sets out a clear vision for what we need to do to deliver a skills system in Northern Ireland that excels. The objectives are clear and it is particularly helpful to include a focus on the enablers to support those objectives – enhancing policy cohesion, developing strong relationships and investing in the skills system. Developing those strong relationships through extensive collaboration across all key stakeholders who both play a part and will benefit from a strong skills base in Northern Ireland will in our view be the key to success. Driving new and/or improved alliances is another welcome facet of the Skills Strategy, not just between business/employers and the education/training system but within the education/training system as well. This will ensure that the skills system becomes less programme driven and more about putting people and place at its centre.

We welcome the Strategy's honesty in confirming that the same approach to skills development in Northern Ireland cannot continue because it is simply not working. We know that Northern Ireland's

investment in skills development is being eroded, we are losing competitiveness and the persistent issue of low productivity is not being addressed. The ambition of the 10X Skills Strategy to change this is laudable. The Department's extensive involvement with the business community in the Strategy's development is most welcome and we thank the Department for the Economy in taking this forward thinking approach. Business involvement is critical in that 'whole journey' approach to skills development from idea generation through to actions and we are firmly committed to continuing that role in what we hope will lead to a substantive shift in how skills development in Northern Ireland is driven forward for the next 10 years and more.

We would argue that we getting to the point of a 'skills crisis' in Northern Ireland. Pre-pandemic, NI Chamber was constantly highlighting the increasing skills deficit in Northern Ireland as an issue. Typically around 70% of our members were telling us on a quarterly basis that they could not get the right people for their jobs. The latest Labour Market Statistics show that our employment rate is now higher than pre-pandemic, job vacancies are rising and our latest Quarterly Economic Survey (QES) also suggests that a jobs recovery is on its way but with that the skills shortages to high levels witnessed before the pandemic struck have immediately emerged.

We know from our own research that there has been underinvestment in training among the business community going back over decades in Northern Ireland. There are structural factors at play here, not least because we are small firm economy, but we also believe there is an issue around 'mind-set' among employers and business in recognising that investment in training actually matters. This needs to change and we are optimistic that the 10X Skills Strategy can take the lead in driving that change.

3.0 NI CHAMBER'S RECOMMENDATIONS

3.1 Skills Council

NI Chamber supports the recommendation to introduce a Skills Council to drive forward the 10X Skills Strategy. We know that the Commissioner/Council type approach is successful in all aspects of key strategic government policy making because it allows that oversight and decision-making process to take place adjacent to government support. It also supports greater collaboration and a more joined up approach across all vested interested in the public, private and third sectors in getting the work done.

We do believe that this role/body should have a very strong and well-specified terms of reference and be resourced properly and separately to do its job. The Council needs to have gravitas to make and direct decisions that at present are taking place on an ad hoc type basis meaning that impact is difficult to achieve.

We welcome the 10X Strategy's commitment to continuing with the Cross-Departmental Skills Strategy Project Board that includes government departments and local Councils to action the work that needs done. Joined up, cross-departmental working, has to play a greater part in strategy and delivery in working to common objectives. The Skills Council should be charged with developing and taking ownership of a much defined set of time bound Key Performance Indicators (KPIs) that demonstrate the path to success. The Council should also have a dedicated strand of work on Workforce Planning, understanding what jobs are being created and what jobs are needed into the future, constantly reviewing how to ensure that the supply of skills meets demand across all sectors of the Northern Ireland economy. The Skills Council could also provide a means to disseminate best practice in skills development, showcasing existing and new ideas that should be made more visible.

3.2 Career and Skills Guidance System

A cultural shift of thinking is needed in Northern Ireland as to what skills matter to this region. There is a tendency to think 'University First' when other pathways to skills development and jobs can have

equal success. Helping students make informed choices about future careers is critical yet it is unfunded and appears to be ad hoc within and across schools, universities, other education and training providers and the careers guidance service in Northern Ireland.

This has serious implications not least in terms of increasing equality among students particularly in Northern Ireland because of the arguably widening gap in those students that receive support (including parental/carer support) to make informed choices and those that do not. It also links in with the point around over education discussed below because put simply student's end up making the wrong career choices to the detriment of themselves, employers and the economy.

We would ask the Northern Ireland Executive to provide a dedicated budget that will adequately resource a first class careers and skills guidance system in Northern Ireland that gives every child/person a chance to take the right career path for them that can maximise their contribution to the economy. The potential to deliver this through an independent advice structure should be explored to address concerns which will have no vested interest in choosing one path over another and is simply dedicated to provide the best path for all.

There should be a review of 'work experience' offered in schools. At present this relies too much on 'who you know' from a parent/carer perspective and is not driven enough by the suppliers of education and also industry to make sure that there is equality of opportunity at this early stage in exposing students to the range of possibilities that exist for work. We also recommend that there is a much more direct engagement with employers in how careers advice is structured and offered in the education and advice system in Northern Ireland.

We recognise that parental/guardian involvement in a student's career choices is becoming more pronounced. Their influence and involvement is now significant, albeit caveated by the fact that this is not uniform for all students and in itself can put the more marginalised students at a disadvantage. However, involvement does not necessarily equate with being well informed and we believe that as with students there has to be readily accessible information made available to parents/guardians that will mean that they also are better informed about the impact of the career choices that children make. Parents/guardians also need to be educated on the value of a 'lifelong learning' approach advocated by the 10X Skills Strategy, raising awareness not only for their children but for those parents/guardians that remain in work.

3.3 Skills Portal for Northern Ireland

The points raised above link to the proposed development of a Skills Portal for Northern Ireland which, as the Strategy notes, will 'provide open access to information on current and forecast labour market skills needs and applicable study/work opportunities'. NI Chamber welcomes the introduction of a dedicated Skills Portal for Northern Ireland. This needs to be 'user friendly', providing easily accessible and timely information on the opportunities available for everyone in Northern Ireland to work and study here. It should be developed and tested with a group of 'users' including individuals and businesses/employers to ensure that it works to deliver real time information and solutions to work and study opportunities in Northern Ireland, where they can be accessed, how long for, what can be achieved and who bears the cost.

The Skills Portal will provide crucial information on the demand and supply of skills in Northern Ireland which will help better inform the education and training supports available. It will also address one of the biggest challenges faced in skills development which is the market failure around information – not knowing where to access it and not understanding what it means. There is some good information already available whether in terms of students understanding what choices are available to them, employers knowing how to access training and supports and the education system in understanding

what is required from them to deliver for both along with great examples of best practice. The problem is that this simply isn't accessible enough. The Skills Portal presents an opportunity to change that.

3.4 Apprenticeships

Apprenticeships, including Higher Level Apprenticeships, are an increasingly targeted route for developing talent. They offer significant advantages including an avenue for progression that reduces the cost of education and cost of living for many students and a much more targeted approach in matching the supply of skills with demand in the economy. They play a central part in the 10X Skills Strategy.

Employers know that apprenticeships will become a significant part of their resourcing going forward. However, we would like to make some important points on the challenges that employers face in engaging with the Apprenticeship model as follows:

- They can be an expensive option from an employer's perspective because of the way the model is currently structured (in some members' views too heavily skewed towards the benefits for the apprentice). This is important because it may influence the extent of take up in all/certain aspects of the apprenticeship model. There are a myriad of factors to consider such as the availability of existing graduates who might not need the level of investment needed for apprenticeships, the fact that with Higher Level Apprenticeships it is not possible to bill an apprenticeship for at least the first two years of the programme, the fact that there is no opportunity to defray the cost against the Apprenticeship Levy (where applicable) and the general effort involved in organising/taking part. There has also been some concern expressed by members that they bear the cost of investing in the apprenticeship model but if an apprenticeship leaves then they lose the value of the investment falls to the employer with no return on that investment. The apprenticeship model cannot be viewed in isolation from the other training and skills investment choices available to business and its benefits must be made clear. We would therefore request that given the growing focus on the Apprenticeship model, that a review of the costs versus benefits to employers is undertaken so that the benefits in relation to the impact of this approach are clearly evidenced and allow employers to make more informed choices around the nature and extent of training investment that they must make to support skills development in the Northern Ireland economy.
- We would like to understand how the extent of 'Apprenticeship Exit' post training period could be addressed. Consideration should be taken of the implications of the fact that, unlike England, the Apprenticeship Levy is not ring-fenced for use on apprenticeship training in Northern Ireland. The 10X Skills Strategy does raise concerns around the challenges of the Apprenticeship Levy in Northern Ireland but falls short of stating how it will actually address it. Greater transparency around the Apprenticeship model will support a stronger and better engagement with the business community in the further development of the model in Northern Ireland.
- Members have also commented that the Apprenticeship system needs to be simplified and more straightforward for employers to navigate. It has been described as a 'complicated' system by some of our larger members who tend to be better resourced to deal with its implementation which would raise concerns around how smaller employers engage with it.

3.5 Assured Skills Academies

The Assured Skills Academies have been a particular area of success for Northern Ireland showing what a flexible, demand led approach to matching supply with demand can achieve. This will be critical area of growth in skills provision and significant demand is likely to be put on the Assured Skills model going forward.

The challenge will be to understand where/how to get the pipeline of students to participate in the Academies and to ensure that quality is maintained/enhanced as part of the process. We would therefore recommend that a review of the Assured Skills Academy model is undertaken to understand how demand and supply challenges placed on that programme of skills development can be accommodated going forward and the quality of the model of delivery is maintained/enhanced.

3.6 Types of Skills

3.6.1 Entrepreneurial Skills

In our view there is insufficient emphasis on entrepreneurial skills in the 10X Skills Strategy both as general skills but specifically in developing new and innovative businesses and self-employment. In the past Northern Ireland had a much stronger focus on entrepreneurship that for some reason seems to have waned. Routes to self-employment and business start-up are patchy and lack any form of strategic approach. Our record on business start-up is relatively poor even though we have some fantastic exemplars in this region of how start-ups have led to some significant indigenous successes. This needs addressed and isn't just about encouraging a more 'business orientated' mind-set but is critical to supporting the wider 10X Strategy where innovation is front and centre of this 10 year plan.

We believe that there should be an explicit strategic focus on entrepreneurship skills among students (and where possible employees) at all levels of education and training system in Northern Ireland building on the role of organisations such as Young Enterprise and Enterprise NI. This needs to be mainstreamed into education and training provision working with business leaders to understand how to ensure that these skills are recognised and maximised to their full.

3.6.2 Digital and Core Skills

There is a significant focus in the 10X Skills Strategy on the types of skills needed to support, for example, goals around the 4th Industrial Revolution including automation, AI and robotics as they become increasing features of the way we work. Digital skills are at the centre of much of this progression with a firm focus in the Strategy on the need to develop a 'digital spine' in Northern Ireland involving citizens, workers and 'makers'. We appreciate that these skills are a crucial part of Skills development going forward and it is important that they are given centre stage in how we will live and work going forward. However, we would caution against taking the development of digital skills in isolation. There will also be increasing demand for social and emotional skills as well as high cognitive skills to support this significant adaptation in how we do business.

This also links to the point around entrepreneurship skills made above. The actions taken in the 10X Skills Strategy therefore need to develop and reinforce a myriad of core skills across all aspects of the education and training systems to promote flexibility, and adaptability in the labour force and emphasise the value of cross over skills reflecting the skills that an individual adopts over time that are transferable to other jobs and employment situations. There are challenges in developing programmes to do this but it is an important consideration for the implementation programme going forward.

Our members have also increasingly raised concerns around the need to improve interpersonal skills among the workforce, particularly among some of the newer entrants to the labour market. There is a challenging balance to be struck between that focus on digital/tech type skills and the need to have essential skills to integrate effectively into the world of work. Digital skills won't be for everyone but having a well-developed and integrated set of core skills for development across the curriculum will mean that all parts of the labour market are prepared to work and adapt as needed.

3.7 Clusters

We would have some concerns about the very specific emphasis on the 5 clusters outlined in the Skills Strategy that link to the overall 10X Strategy. It is important that Northern Ireland seeks to develop specialisms and we appreciate that this has been a successful model for growth elsewhere. However, how that is balanced within the wider skills development aspirations for the Northern Ireland economy is unclear. A key case in point is the energy sector that is obviously an area of growth and a key strategic policy area for the Department for the Economy and the Northern Ireland Executive yet is not referenced in the Skills Strategy. There is also a sub-regional perspective to this where some parts of Northern Ireland could arguably be 'excluded' from support because the nature of their business sectors does not fit with this 5 cluster focus.

A very important point raised by our members relates to concerns around the potential for displacement within these clusters because there will be competition for those skills if the focus is kept too narrow and the education and training system does not work quickly enough to address the supply of skills needed. In our view the 5 cluster focus will require a well-planned approach to make sure that new and additional skills are developed that do not create internal competition for jobs. It will also be important to constantly review this approach to ensure that jobs are being created in these sectors to match the skills investment that is being made. Being flexible will be key and where new opportunities arise for Northern Ireland the approach should be flexible enough to pivot to those clusters/sectors that are showing the greatest growth potential for the region.

3.8 Impact on Community and Employers

There are some very serious commitments in the 10X Strategy that will directly affect the business community and employers. This includes commitments to 'lifelong learning', greater investment in leadership and management, legislation to introduce training leave allowances for Northern Ireland employees and an action where businesses with 50+ employees must subscribe and actively promote the principles of the 'Better Jobs Pledge' prior to engagement with publicly funded support programmes. The recruitment, retention and general cost environment is already challenging for businesses and adding further burden needs to be fully explored.

We request that much greater detail is provided on what initiatives proposed in the 10X Skills Strategy will mean for business and employers in financial, time and administrative terms. The business community should be directly engaged with on each initiative to understand the costs, benefits and risks associated with adopting one or more of these approaches and be part of the decision making process as to how these initiatives proceed. It will be particularly important to understand what types of business (e.g. size, sector, geography, occupations) will be most affected by any proposed legislative and/or policy changes brought about.

3.9 Review and Prioritisation of Existing Services

There were already a significant number of training programmes available pre pandemic across government departments and the wider public sector but it would appear that this has spiralled as government has reacted to the challenges brought about by COVID-19. This provision arguably paints a confusing picture of what is on offer and the potential for duplication is strong across departments, sectors and wider supports. In our view there should be a review of the range, reach and contribution of training programmes available from government departments and others with a view to rationalisation and prioritisation of those with the greatest impact. Resources for skills development should not be competing, they should be complimentary and at present it is not clear that this is the case.

3.10 Reskilling

Reskilling should have a much more central focus in the 10X Skills Strategy. There are numerous opportunities available to develop new skills as identified in the 10X Skills Strategy and this has been given a renewed emphasis by the pandemic and also EU exit and the implications for how we do

businesses. This will present challenges because the negative labour market fallout from the pandemic has not been as pronounced as had been expected and many employers are keen to hold on to existing staff. There are however certain groups that provide an important source of reskilling including those more detached from the labour market, those with low/no skills and an increasingly important group of 'older workers' who have been one of the most disproportionately affected by the pandemic and will increasingly offer a key role in support what is effectively a shrinking economically active population as the population aging process continues to unfold. We believe there should be a dedicated strand in the actions/implementation of the 10X Skills Strategy that focuses explicitly on the opportunities for reskilling and focus on the most marginalised and most easily disconnected from the labour market in Northern Ireland.

3.11 Budget

We would like to emphasise that the extent of the Budget allocated for the 10X Skills Strategy will be critical to its success. We appreciate that there are huge budgetary pressures on the Executive's finances but would counter this by highlighting that the investment in skills will bring significant multiplier effects to the Northern Ireland economy making it a more attractive place to live, work, study and invest. It will improve productivity, one of the biggest structural weaknesses for this region's economy, and will result in tax benefits from the better wages and profits that result.

We request that the Northern Ireland Executive signs up to a dedicated multi-year budget focused solely on the delivery of the core elements of the 10X Skills Strategy. The Department has mentioned £100m for the next 3 years, a relatively small amount compared to neighbouring countries and regions. The Executive needs to make a firm commitment to the investment of skills in Northern Ireland. We believe that a more defined budget will allow for a more cohesive and focused approach to skills development in Northern Ireland and drive a prioritisation of what aspects of the Strategy need delivered first. More widely we need that budget commitment to invest in our education and training systems to support proper planning and staffing of a system that has been weakened by short termism in recent years.

3.12 Collaborative Approach from Government, Business and Education Providers

Educators have a pivotal role to play in delivering on the objectives of the 10X Skills Strategy. The ambitions of the Strategy suggest that a significant change in focus in the supply of skills is required and until recently that might have presented a challenge to the sector. COVID has actually demonstrated that the system can be flexible and adaptable and we have seen some very innovative initiatives developed and delivered by our Universities and Further Education Colleges to support people and businesses through the pandemic. However, there remains a long way to go to change some of the structural issues with the present system and a cultural change is also needed with the education and training sector as to what new skills look like, what content needs to be developed, what is the best way to teach those new skills and engage with the student and adult population to make them accessible to all.

One of the critical next steps in the 10X Skills Strategy approach will be to engage with the education and training sector to work through the 'How to' to match the commitments made in the Strategy. The practical outworking of how all of this will be put into place will be key and as with many parts of the Strategy it proper resourcing will be key.

Linked to this, the 10X Skills Strategy presents the opportunity to embrace a much closer working relationship between the business and education/training sectors. The involvement of business is key here and the engagement at a regional and sub-regional level with the business community has to be much more strategic rather than the sporadic (although in some parts very successful) approaches that have been taken to date. The business community should play a more central role in supporting

educators to develop the curriculum to support to 10X Skills Strategy. NI Chamber looks forward to supporting members/ the business community to be more engaged and active. Members have expressed a view that this engagement needs to move at a much faster pace than has previously been the case.

One point we would like to make strongly is that there is an opportunity here to educate employers and the businesses community of the value of investment in training and skills development. This is an area of particular weakness for this region that has never been adequately addressed. The 10X Skills Strategy should strive to show businesses how it can be done and the difference that can be made by planning and investing in employee skills. We advocate that an action plan is developed to engage with employers to demonstrate the impact and success of a properly thought out training plan for their business/organisation. A measure of success of this plan should be increased investment in training by businesses/employers in the region. There are some very strong examples of existing success in skills investment that can act as best practice and additional pilots could be commissioned to support that drive.

We would have concerns around how the balance is struck between offering students the opportunity to study at third level and the extent of over education in Northern Ireland. ONS research suggests that almost 1 in 3 UK graduates are overeducated for the job they are doing and in Northern Ireland around 1 in 7 in the workforce (aged 16 to 64) are overeducated. This has significant implications for both student and potential employers.

From a student perspective it is creating a level of debt that many will have to pay back (and if they don't it reflects on the fact that they are not potentially reaching their wages potential) and suggests that they aren't using the skills and education that they acquired during their education journey. This lowers productivity, job satisfaction and wellbeing which is counter to the aspirations of the 10X Skills Strategy.

From an employer perspective it makes the selection of candidates challenging because over education means that they can be taking on employees with skills they don't need, emphasising the issue of skills mismatch.

Also, those knock on effects for the graduate in terms of lower productivity and wellbeing obviously impact on employers as well. We appreciate this is an issue that is much wider than Northern Ireland's education system but it must be possible to understand this in more depth and work to address the areas where students studying in Northern Ireland and going on to work in Northern Ireland are not working to their potential.

We would like to see a more explicit policy action focused on bringing down the extent of over education among emerging graduates in Northern Ireland involving close liaison between government, local Universities, schools and employers to understand more about the issue and how it can be effectively addressed. This will require some hard debate about the value of certain degree subjects on offer and how far there needs to be a direct link between a degree and its potential to secure a job. It will also require some discussion around the extent of focus on level 5 and 6 achievements and the potential need to refocus some resources away from these levels towards skills levels outside the tertiary education system.

4.0 NEXT STEPS

Once the content of the Strategy is agreed, in our view the next stage needs to be a detailed mapping exercise of who does what. We need to do this so that we can understand what needs to be done to support a well-defined ecosystem so that all stakeholders, particularly business and investors know what Northern Ireland has to offer at every stage of the skills journey. This will also ensure that

duplication is minimised and that we understand how to drive quality and develop expertise at every stage. We need to take time to get those structures right and again the role of the Skills Council will be pivotal in thinking through how the various elements work together.

5.0 CONCLUSION

In conclusion, we welcome the 10X Skills Strategy. From NI Chamber's perspective it is arguably the most important piece of the jigsaw in driving forward strong, sustainable economic growth in Northern Ireland and achieving the aspirations that we have long believed are achievable for this region. Our simple ask is that the skills system is properly funded and works together cohesively for the benefit of people and employers. We have all of the ingredients in terms of being able to increase skills capacity and ensure that the supply of skills match demand. NI Chamber and our members are committed to working with the Department for the Economy and government more widely to support the successful delivery of the 10X Skills Strategy and welcome the opportunity to continue the conversation on its development going forward.

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