

Speech by Sir Reg Empey MLA, Minister for Employment and Learning

I would like to welcome you all here today for the second Northern Ireland Annual Skills Conference organised by the Department for Employment and Learning.

The issue of Skills and the need for our workforce to become more skilled is of particular interest to me. Prior to the last Assembly's suspension, I was the Enterprise, Trade and Investment Minister. The insights that this post gave me convinced me that the economic growth and social justice are inextricably linked. The key to both lies in providing every person with access to economically valuable skills at the highest level.

As you will be aware from numerous stories in the media, we face unprecedented economic challenges, particularly from India and China. To compete with these rising economic giants we need to be as flexible, innovative and forward-looking as they are – more so, in fact. We need to modernise our businesses, but we also need to create a highly-skilled, well-educated workforce.

We are often told that the fast-developing nations have a lower cost workforce than ours. We should never forget that they are rapidly reaching the point where they will also have a better-educated workforce, too.

China and India each produce more than four million graduates a year. China alone has 1.6 million qualified young engineers with some 33% of all their university courses in Engineering. A stark statistic in itself, but even more significant when we see the decline in students enrolling for engineering in the USA and in the UK.

The reality is that we don't just need to compete with their industries, but with the creation of a new, more flexible, creative, skilled and knowledgeable workforce that they are developing.

It is predicted that by 2015 the economies of India and China will account for about 28 per cent of world output. Their advantages will make it almost impossible for us to compete with them in the traditional manufacturing areas which were for so long a driver of the Northern Ireland economy.

However, even though we are unlikely to be able to compete with them in low-value-added, low-cost sectors, there is no reason to be despondent or throw in the towel. We must use our advantages just as our competitors use theirs. We must be as innovative and competitive as they are by concentrating on those areas in which we can excel. Along with other "Western" economies we must move up the value chain to a knowledge based economy

Northern Ireland is better suited and can be much more attractive as a base for high-value-added industries, which demand well-educated and highly skilled people, such as ICT, financial services and the creative industries.

The opportunities are there and will continue to be there, just as they were in the new manufacturing industries a century and more ago. Now, as then, we must take a considered strategic approach to the way we do business and the skills we acquire. I know my Department is working closely with Invest NI on workforce development for both our indigenous businesses and potential inward investors. We need to work together in a joined up way to maximise the opportunities for companies and individuals and to keep Northern Ireland competitive.

It is clear to me that without demand led skills acquisition, it will be impossible for Northern Ireland's economy to prosper in the way the 'Economic Vision for Northern Ireland' outlines.

The recent Leitch report supports this view. This Report sets out a compelling vision for the UK to be a world leader in skills by 2020. This is a massive undertaking and will require a doubling or even more in the number of qualifications our population currently holds.

Some key Leitch recommendations include; that by 2020:
95% of working age adults to achieve functional literacy and numeracy;
90% of workforce adults to be qualified to at least Level 2;
shifting the balance of intermediate skills from Level 2 to Level 3;
accelerating the increase of people with high skills – Level 4 and above.

The Leitch Report estimates that the achievement of these objectives will contribute £80bn to the UK economy over 30 years and contribute to a more prosperous and fairer society. Significantly the report points out that **70% of those contributing to these targets are already in employment.**

Whilst the main recommendations of the Leitch Report are for England only Scotland, Wales and Northern Ireland are currently assessing the potential impact of Leitch on our respective jurisdictions and I plan to have this work completed in Northern Ireland later this summer.

In terms of achieving the Review's vision, Lord Leitch recommended there was a joint responsibility between government, employers, and individuals to share in responsibility for and investment in skills.

This issue over the spread of responsibility for education and training between Government, employers, particularly SMEs, and individuals is also

alluded to in the recent report produced by Anne Heraty and the Expert Group on Future Skills Needs in the Ireland.

I am delighted that Anne is here today to give us the perspective on the skills issues from the Irish perspective, and I congratulate her Group on a very comprehensive study which may contain some lessons for us in Northern Ireland. I do not wish to “steal Anne’s thunder” in anyway and whilst the context in which we operate is different, I did note that her report refers to the need to change and that “the existing arrangement of programmes, schemes and grant aid is not sufficient to deliver the target skills profile (as projected).....a number of new innovative initiatives need to be taken which will foster a culture of continuous life-long learning” - and this is from one of the most successful economies in Europe. We look forward to hearing more from Anne shortly.

There has been a dramatic change in the Northern Ireland economy over the past ten years. This has been the most successful region of the UK in terms of generating jobs. Unemployment is currently 4.6%, the second lowest of all the UK regions.

But this success masks several underlying issues including the disproportionately high levels of economic inactivity in the economy and the fact that our productivity is one of the lowest in the UK.

These two goals of social inclusion and economic success are at the heart of my Department’s *Success through Skills* strategy.

The programme aims to pull together many existing projects and some new dedicated initiatives to form a cohesive approach to ‘up-skilling’ the country’s workforce. The *Success through Skills* programme has been in operation for approximately one year and has recorded some successes to date with more

in the pipeline. The publication you have received today gives you an update on each of the projects; I hope you find it useful and I wish to highlight some of the work of the programme in the next few minutes.

As a starting point, it is crucial that we have a better understanding of the demand for skills. What skills will we need to achieve success in a future Northern Ireland?

In order to help us understand the future skills needs of Northern Ireland we have established a Skills Expert Group with representation from England, the Republic and the USA – some of their members are here today.

Their role of the Skills Expert Group is to assess the future skills needs of Northern Ireland at a regional level. To assist them we have also developed Workforce Development Fora, based around the six new area based colleges. They are chaired and populated by employers to give us an understanding of the skills needs of businesses at a local level.

Both these Groups work with the Sector Skills Councils and the Skills for Business Network, to articulate the needs of employers across the 25 industry sectors now and for the future. Additionally my Department is working with Invest NI to better understand the skills needs of indigenous companies who wish to expand and those of foreign direct investors.

To make this network effective, it is important that an increasing number of employers acknowledge that they have a key role to play in helping to identify where the skills gaps are now and where they anticipate they will be in the future.

I would encourage all companies to become involved. Only with everyone engaged can genuine needs be identified and met and the quality and relevance of education and training be improved.

Both Leitch in the UK and the Expert Group in Ireland recognise we must improve the skills levels of those people currently in employment and both comment that approximately 70% of those in the workforce now will still be in the workforce in 2020. We clearly need to do much with those in work or training and with those about to join the workforce.

The careers advice offered to our young people and adults through the Government and schools will be improved to more accurately reflect the needs of our labour market. A new Careers, Education, Information, Advice and Guidance policy is being created by my Department working with the Department for Education. I hope the details will be announced later this month with an independent careers service assisting people of all ages to make informed choices about their education, training or employment. It is clear to me that whilst there are now many different routes to success other than the traditional route of GCSEs, A-levels and a degree, the choices can sometimes be confusing. The Department has therefore worked to develop a coherent 'Skills Ladder' outlining these routes.

Using the existing infrastructure of schools, training institutions, Further Education colleges and Universities, the Government has worked to establish better connectivity.

The reforms aimed at 14-19 year olds, will give young people the opportunity alongside their academic curriculum, to take high quality, high value vocational education courses with up to date industry and equipment. The Vocational Enhancement Programme will ensure that all 14-19 year olds in the Post Primary sector have access to high quality vocational education

through the provision of robust collaborative partnerships between FE colleges and the Post Primary Sector.

In addition to these reforms, which have been widely discussed in the press, work continues in reconfiguring training provision for those 16-19 year olds who have left school and wish to take up a vocational training programme or apprenticeship to gain workplace experience.

With events such as the World Skills, which are to be hosted in London in 2011, professional and technical skills are receiving a higher profile than ever before.

As is always the case, participating in events at this standard can only help to raise the skills levels in Northern Ireland as a whole.

Achievements such as Andrew Blair's Gold Medal in Autobody Repair in the last World Skills event in Helsinki is a testament to his ability and the excellent training he received here.

Our Further Education Colleges have undergone a transformation in the last decade. No longer are they merely the location of recreational night classes and re sit classes!

I am looking forward to getting an early opportunity to see this change for myself when I visit some of our FE colleges in my new role.

Our universities also have an important role to play in ensuring that the courses they offer provide students with the skills and competences that employers need. They are the key drivers of innovations, entrepreneurship, management and leadership and the skills taught in this environment are critical for a high value added economy.

As I said before we also need to address the barriers which prevent individuals from becoming economically active. In Northern Ireland we have a higher proportion of the economically inactive in our population than elsewhere in the UK.

Much has been done with programmes such as New Deal but we recognise that some individuals do have barriers which prevent them becoming an active part of the labour market.

Recently the Department has begun four pilot “Steps to Work” programmes which are aimed at helping individuals overcome their barriers, be they child care problems, ill health, mobility or the individual’s skill level. Evidence to date suggests that “Steps to Work” will enable these people to become motivated employees making a valuable contribution to the workplace.

I understand that Gary Anderson, one of Grand Prix racing's foremost designers in recent times, will be speaking later about the skills required to encourage innovation in Formula 1. As you know in Formula 1 the rules change every year and the teams have to keep innovating to meet the rule changes and to gain a competitive edge – in many ways it’s just like business!

Innovation, or the commercial application of any idea that can add value and differentiation to a business, and lead to long-term growth and profitability, is a key driver for increasing productivity in any company. As such it is vital that we teach our current workforce, and that of the future, the skills needed to encourage innovation.

This brought to mind the great achievement by a team of Coleraine Inst pupils who were recently crowned ‘F1 in School World Champions’ at the start of the new Formula 1 season at the Melbourne Grand Prix in March.

6 million students representing 20 countries around the world were given a brief to design a model CO2 powered F1 car of the future. Not only did they lift the prestigious Bernie Ecclestone Trophy but the team's car also won the 'Fastest Car Award'!

Achievements like this bode well for Northern Ireland's future. The *Success through Skills* programme has made an important start and clearly sets out the direction that we need to travel.

In taking up the role as Minister for Employment and Learning, it strikes me that as we face the great challenges at the start of the 21st century, we must play to our strengths.

It is true to say that this applies equally whether we are taking on the industrial might of India and China or Ferrari or McLaren on the race track.

Thank you.

