

people:skills:jobs:



Department for  
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# Labour Market Bulletin 26

January 2016



# **Labour Market Bulletin 26**

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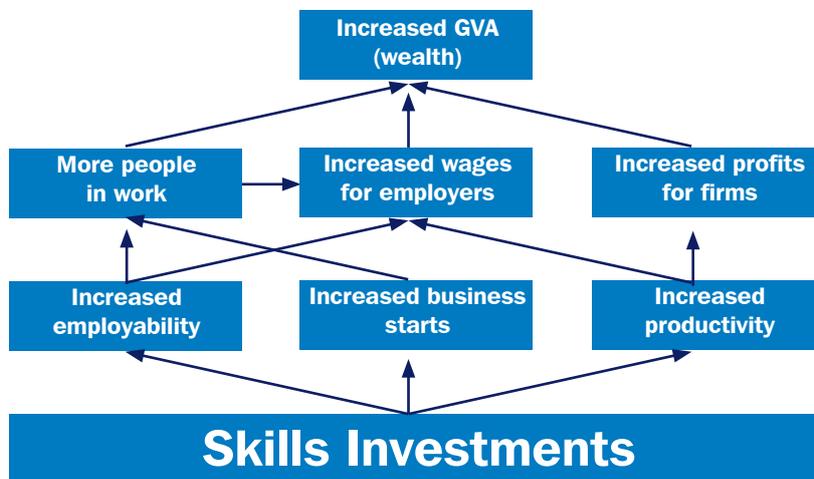
# Upskilling the Economy

Bobby Clulow, Analytical Services, Department for Employment and Learning

## Importance of Skills

Skills matter for economies, business and individuals. Research shows that skills: drive an economy's productivity growth and competitiveness; are critical (and increasingly so) to a business decision about where to locate and when to invest; to ensure business can absorb more fully the benefits associated with innovation and Research and Development (R&D); to support export success and profitability; and for individuals, to enhance earnings and employment potential.

The following schematic summarises the impact of skills investment.



Skills investment is a key driver within the Executive's economic strategy under the theme of improving employability and the level, relevance and use of skills to increase private sector productivity, promote export led growth and

lead to wealth and employment creation.

The Northern Ireland (NI) Skills Strategy "Success through Skills – Transforming Futures" established four strategic goals as follows:

### Strategic goal 1:

Increase the proportion of those people in employment with Level 2 skills and above to 84-90% by 2020, from a baseline of 71.2% in 2008.

### Strategic goal 2:

Increase the proportion of those people in employment with Level 3 skills and above to 68-76% by 2020, from a baseline of 55.6% in 2008.

### Strategic goal 3:

Increase the proportion of those people in employment with Level 4-8 skills and above to 44-52% by 2020, from a baseline of 33.2% in 2008.

### Strategic goal 4:

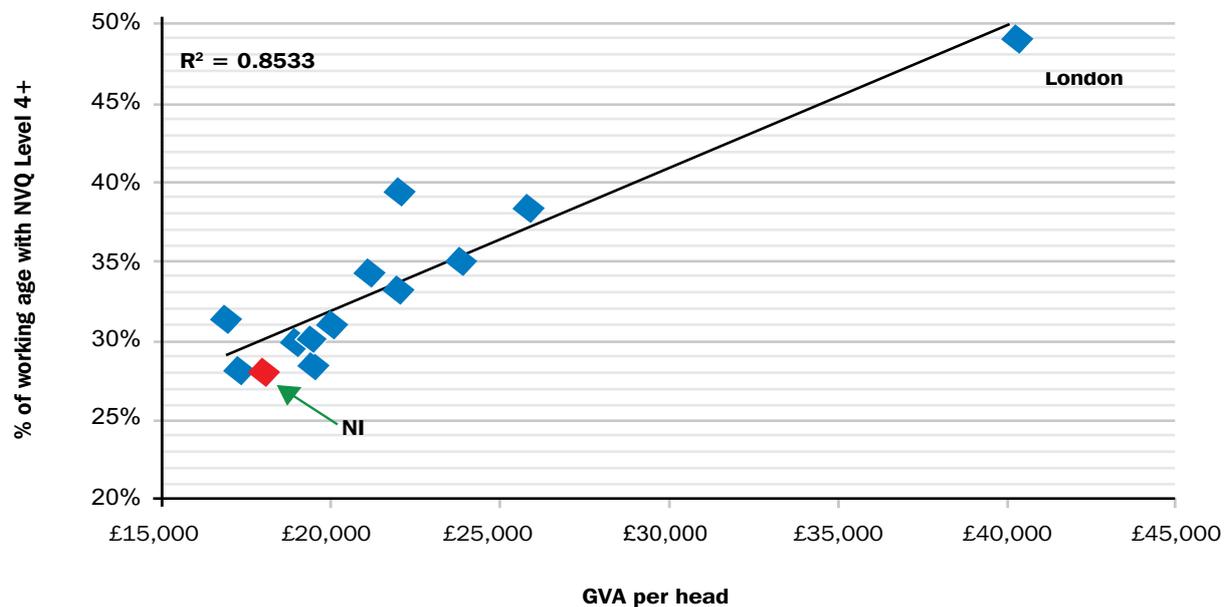
To increase the proportion of those qualifying from Northern Ireland Higher Education Institutions with graduate and post graduate level courses in Science, Technology, Engineering and Mathematics (STEM) subjects (with an emphasis on physical and biological sciences, mathematical and computer science, engineering and technology) by 25-30% in 2020 from a baseline of 18% in 2008.

### Skills Impact

The benefits from the Department for Employment and Learning’s investment and activities include improved skill levels of the NI workforce; increased employment and reduced unemployment; higher productivity and competitiveness. The Department’s activities help stimulate the development of higher productivity sectors with higher wages and higher skilled jobs. The Department’s interventions assist attracting Foreign Direct Investment. Skills

formation assists businesses to innovate, undertake R&D, increase their export potential and improve management and leadership skills. Above all the Department’s interventions help individuals by enhancing earnings and employment potential. Research recognises that skills formation and increasing human capital promotes economic growth and is a key driver to improved productivity and hence increased wealth creation. The following **Figure 1** illustrates this:

**Figure 1:** Workforce qualifications (2013) and regional wealth (2013), United Kingdom (UK) regions



Source: Ulster University Economic Policy Centre (UUEPC), Office for National Statistics (ONS)

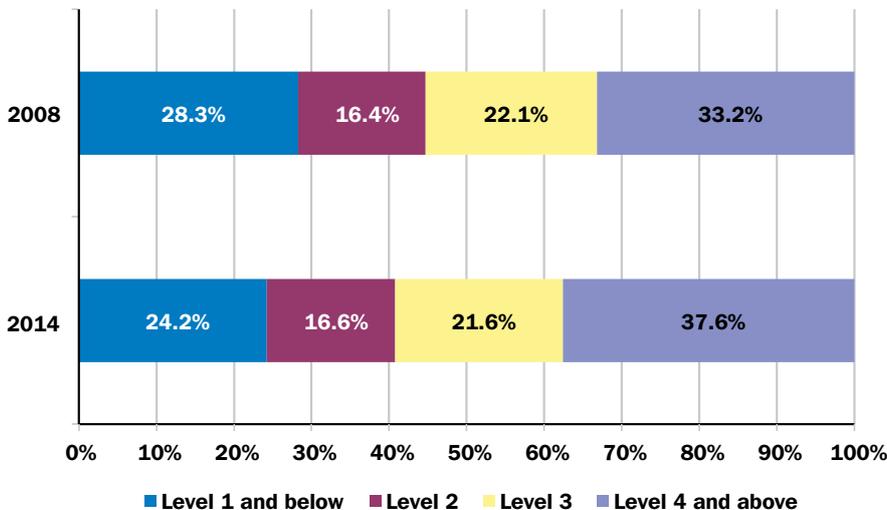
## Progress

The Department is making progress raising skills and qualifications. Since 2008, while those in the workforce employed at National Qualification

Framework (NQF) Level 2 and 3 is relatively unchanged compared to the 2008 baseline, those with Level 1 and below qualifications have fallen and those with Level 4 and above have risen, see **Figure 2**. The

data shows Quarter 4 2008 and 2014 and the latest figure for the proportion in employment at Level 4 and over is 38.2% for Quarter 1 2015.

**Figure 2: Persons in Employment – Highest Level of Qualification**



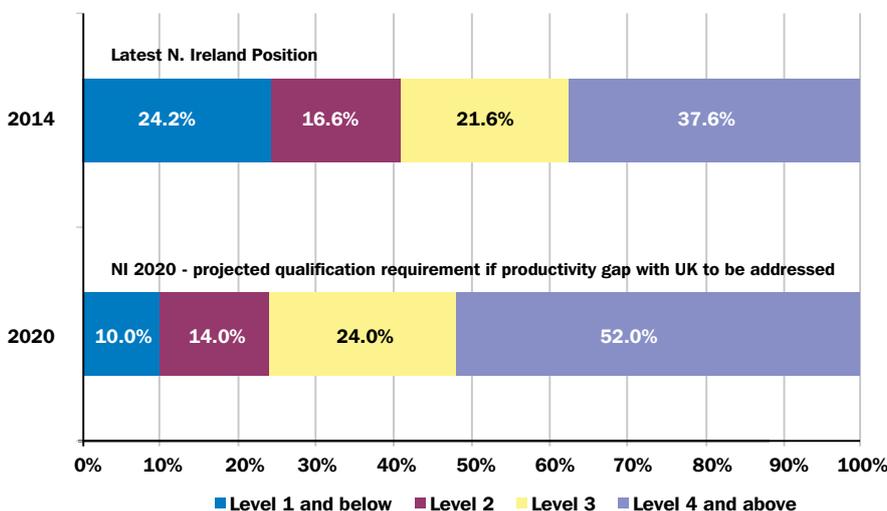
Source: Labour Force Survey (LFS)

The Department is making progress and delivered almost 300,000 qualifications (Level 2 and above) between 2010/11 and 2013/14 in excess of the target of 210,000 qualifications.

However research also shows that progress needs to continue if NI is to meet a high growth scenario where the productivity gap with the UK is addressed

and where both Level 3 and Level 4 qualifications levels would increase by more, see **Figure 3**.

**Figure 3: Persons in Employment: Highest Qualifications (NQF)**



Source: Oxford Economics, LFS

## Upskilling our economy

The Department’s key contribution is to raise skill levels. Other key benefits include upskilling, higher productivity and higher wages. This improves the economy as it supports higher skilled sectors and jobs. The Department helps develop the economy away from low skilled and low wage jobs towards higher paid work. Without the Department’s contribution it is possible that NI would not raise skill levels much above Level 2. Northern Ireland would be a very low skill and low wage economy for the foreseeable future.

Looking at the skill distribution in 2008 versus 2014 (see earlier **Figure 2**), this suggests that the earnings potential of around 35,000 persons may have been raised by upskilling over this period (a rise equal to 4.4 percent of the total number of those employed who will now

have Level 4+ qualifications that did not have in 2008). Looking at the wage differential between Level 4 and lower Level qualifications levels, suggests the Department’s intervention between 2008 and 2014 may have raised the earning potential of the economy in the longer term by £0.5 billion per annum. The Department’s investment in skills between 2008 and 2015 then looks to have increased the potential to raise output in whole economy in the longer term by maybe close to 2%. The qualification to this being and whether this occurs or not, depends on quality of jobs being made available to fully utilise higher skills and is dependent on there being no significant skills under utilisation or skill mismatch present in the economy.

### Supply side

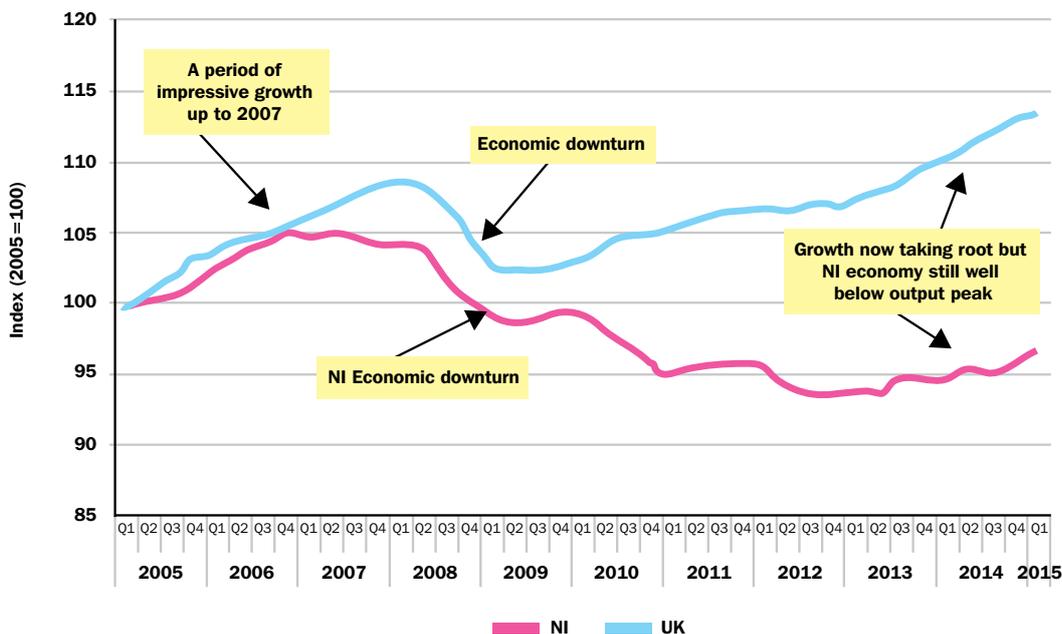
The Department intervenes on the supply side of the economy

increasing the productive potential of local businesses to raise output through an increasingly skilled workforce. However, this is a necessary but not sufficient condition for increased income in NI. Whether the NI economy is able to realise this benefit also depends on the demand side and the quality of jobs created to match skills.

### Demand Side

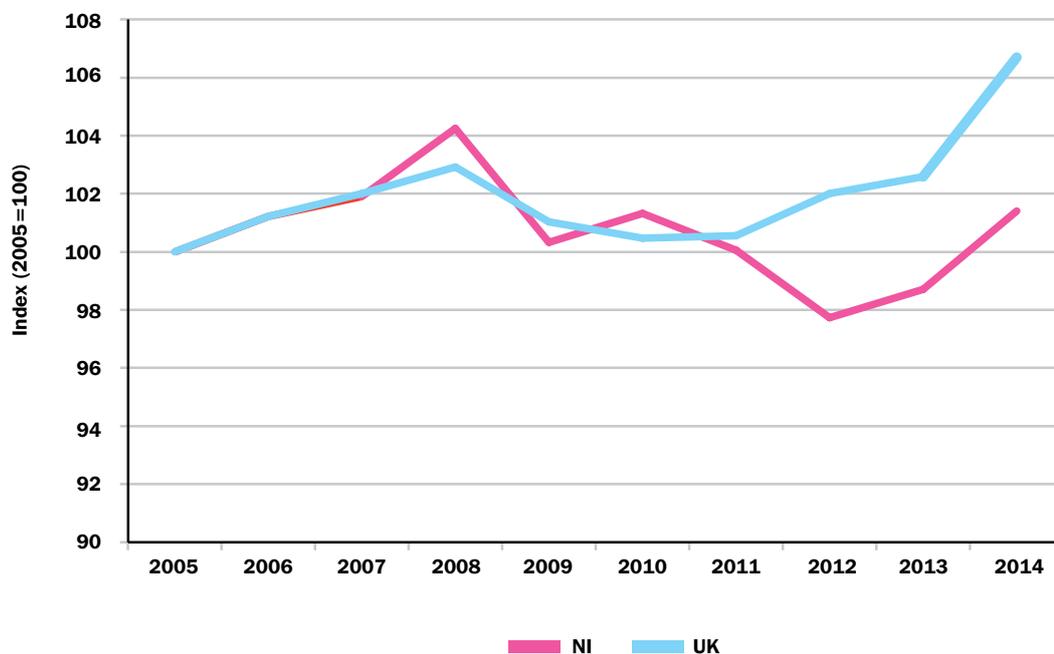
Clearly the recession may have hampered job creation in the short term as the economy lost jobs and so lessened utilisation of skills. Looking ahead though the NI workforce with higher skills should be in a good position in the upturn, and in the medium to longer term, to assist the economy to grow and move to higher productivity. It is helpful to look at the demand side of the economy to see if in the short term the benefits from higher skills have been realised.

Figure 4: UK and NI Economic Output



Source: NI Statistics and Research Agency (NISRA)/ONS

**Figure 5: Workforce Jobs**



Source: The Department of Enterprise, Trade and Investment (DETI), ONS

The data indicates that the upturn in NI has been slower than the rest of the UK and the growth in employee jobs has been lower.

This would then suggest at a macro level that while an upskilling in the labour force may have occurred on the supply side, there is the possibility that the recession may have slowed down and dampened a rebalancing of our economy to higher productivity sectors that might have been expected to have occurred in the absence of a severe downturn.

### Sectors

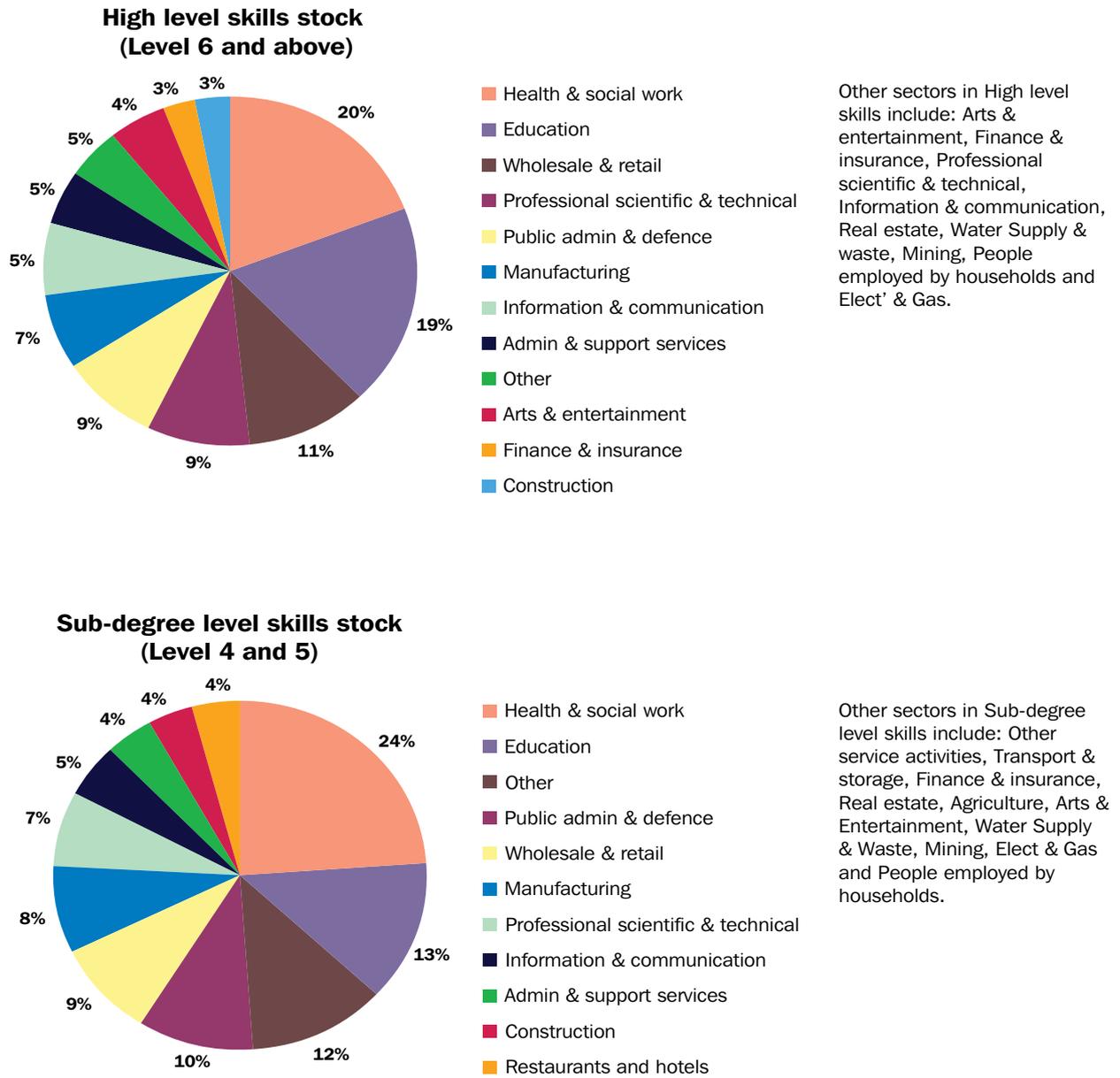
You need to look at the data on the sectoral distribution of jobs and shifts in employee jobs between sectors over the period 2008 and 2014 to confirm if this is the case.

The supply analysis suggested that around 35,000 extra persons in employment were educated to Level 4 and above; and around the same number had qualifications at Level 1 and below, moving from 2008 to 2014. With such a shift in the upskilling of the workforce you might expect higher productivity sectors to expand and lower productivity sectors to contract to fully utilise the skills available. To assist looking at this upskilling, it is helpful to examine which sectors graduate level/Level 4+ employment is concentrated (and then compare

with the sectoral trends in demand between 2008 and 2014).

Analysis from the Skills Barometer compiled by the UUECP provides the sectors where graduates find employment – see **Figure 6**. The main sectors where graduates and those at Level 4 and 5 are employed appear to be either mainly public sector (Health and Social work, Education, and Public Administration and Defence) and in the private sector mainly manufacturing, professional scientific and technical, Information and Communications Technology (ICT), the Arts, Finance and some administration services.

Figure 6: Where are skilled people employed?



Source: UU Economic Policy Centre, LFS, EPC

### Some rebalancing

Looking at the demand side of the labour market, the following

**Figure 8** looks at the sector shifts in employee jobs between 2008 and 2014. At Quarter 4 2008 and Quarter 4 2014, the number of employee jobs in NI was roughly at the same level (in 2008 employment was moving down and at 2014 jobs were rising) so this comparison of the sectoral composition of jobs may allow for a consideration whether

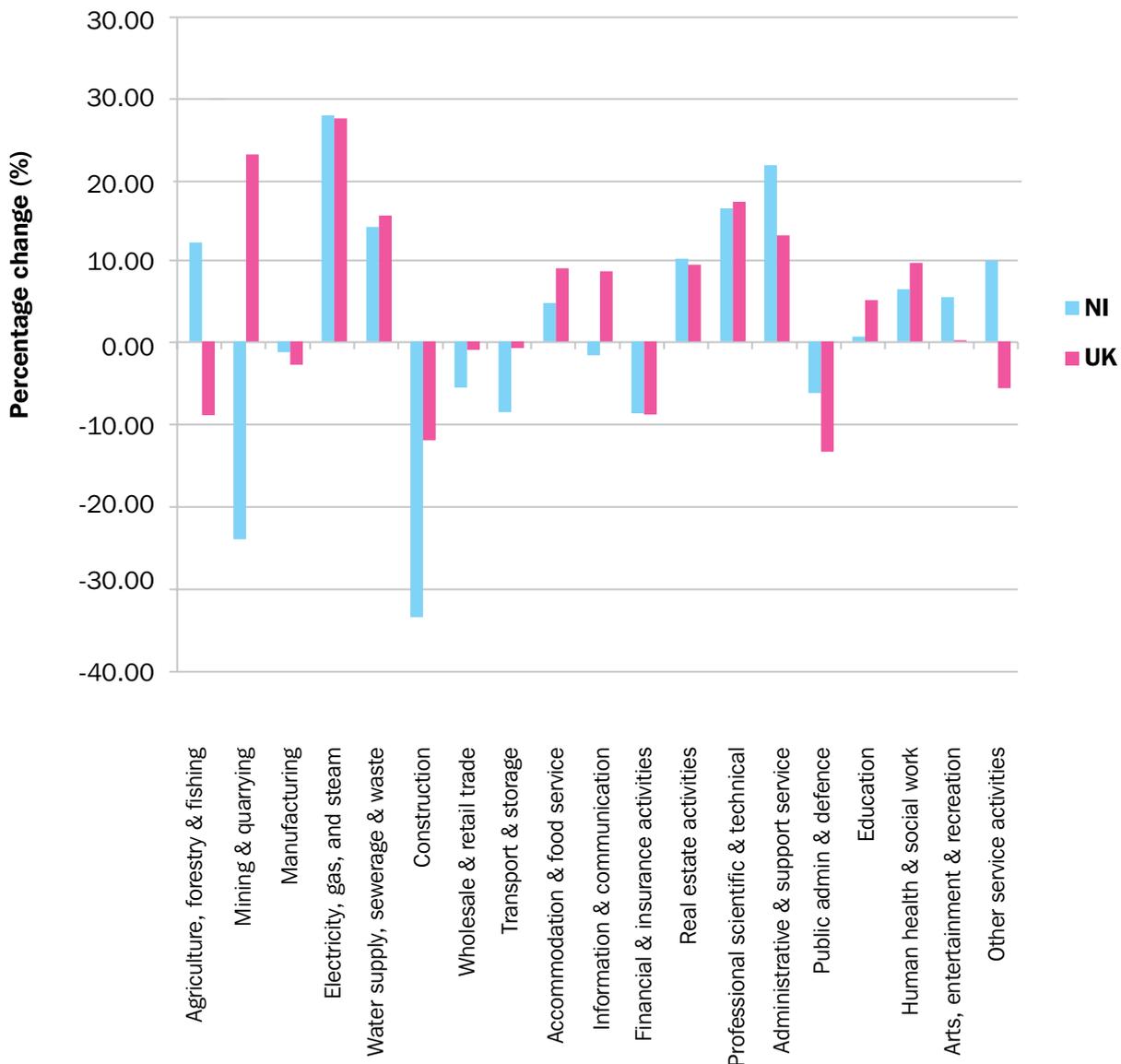
there has been the start of any shift towards higher skilled jobs on the demand side to match the recent upskilling of the workforce on the supply side.

The answer seems to be yes to some extent but not entirely.

**Figure 7** shows that there has been some rebalancing (between Quarter 1 2008 and Quarter 1 2015) with expansion of higher skilled sectors such as Professional, scientific and

technical activities, Real Estate, Administration, Education, Health and Social work and the Arts. However the shift has not been as marked as in the UK as a whole, has not covered all high skilled sectors (e.g. not manufacturing and finance) and this may not have been enough to match the increase in skills on the supply side. The performance of Information and Communication over this period was disappointing.

**Figure 7:** Percentage change in employee jobs across sectors (2008 – 2014) (seasonally adjusted)



Source: DETI Quarterly Employment Survey, ONS

## Employee Jobs in NI

To look at this further, it is possible to examine the movement of employee jobs

between quarter 4 2008 and quarter 4 2014. This is outlined on the chart below (the job results for Q4 2014 are the final figures).

**Figure 8:** The movement of employee jobs in Northern Ireland between quarter 4 2008 and quarter 4 2014

	Q4 2014	Q4 2008	Number change
Agriculture, forestry & fishing	13,570	12,120	1,450
Mining & quarrying	1,530	2,010	-480
Manufacturing	79,200	80,200	-1,000
Electricity, gas, steam & air conditioning supply	1,630	1,280	350
Water supply; sewerage & waste management	5,260	4,620	640
Construction	27,800	41,670	-13,870
Wholesale & retail trade; repair of motor vehicles & motorcycles	125,450	132,860	-7,410
Transportation & storage	23,900	26,130	-2,230
Accommodation & food service activities	44,870	42,880	1,990
Information & communication	16,190	16,460	-270
Financial & insurance activities	18,380	20,130	-1,750
Real estate activities	7,010	6,370	640
Professional, scientific & technical activities	27,490	23,670	3,820
Administrative & support service activities	52,220	43,030	9,190
Public administration & defence; compulsory social security	54,830	58,450	-3,620
Education	72,290	71,870	420
Human health & social work activities	122,720	115,390	7,330
Arts, entertainment & recreation	14,330	13,600	730
Other service activities	15,210	13,850	1,360
<b>Total</b>	<b>723,890</b>	<b>726,590</b>	<b>-2,700</b>

Source: DETI Quarterly Employment Survey

Over the period employees in employment fell slightly by around 2,700 jobs. The main expanding sectors were Professional, Scientific and Technical; Administration and Support; Real estate activities; Health and Education, the Arts, (and also Accommodation, Agriculture, Electricity, Water and Other Services). Excluding Accommodation, Agriculture, Electricity and Water, and Other services, the remaining

sectoral mix of expansion roughly matches the destination sectors for those at Level 4/5 and graduate level from the Economic Policy Centre analysis above. However ICT is missing as it did not expand over this period (the Finance sector contracted). Adding these growing sectors together, indicates an expansion of higher skilled level employment at a macro level on the demand side of around 22,000 jobs. The shift

on the supply side at the macro level, indicated a move of around 35,000 to higher level qualifications at Level 4 and above.

This should be caveated that some of the difference could indicate a shift of more qualified persons into self employment. However it is not possible to say whether this has happened or not or to what extent. According to the official figures, there

## Upskilling the Economy

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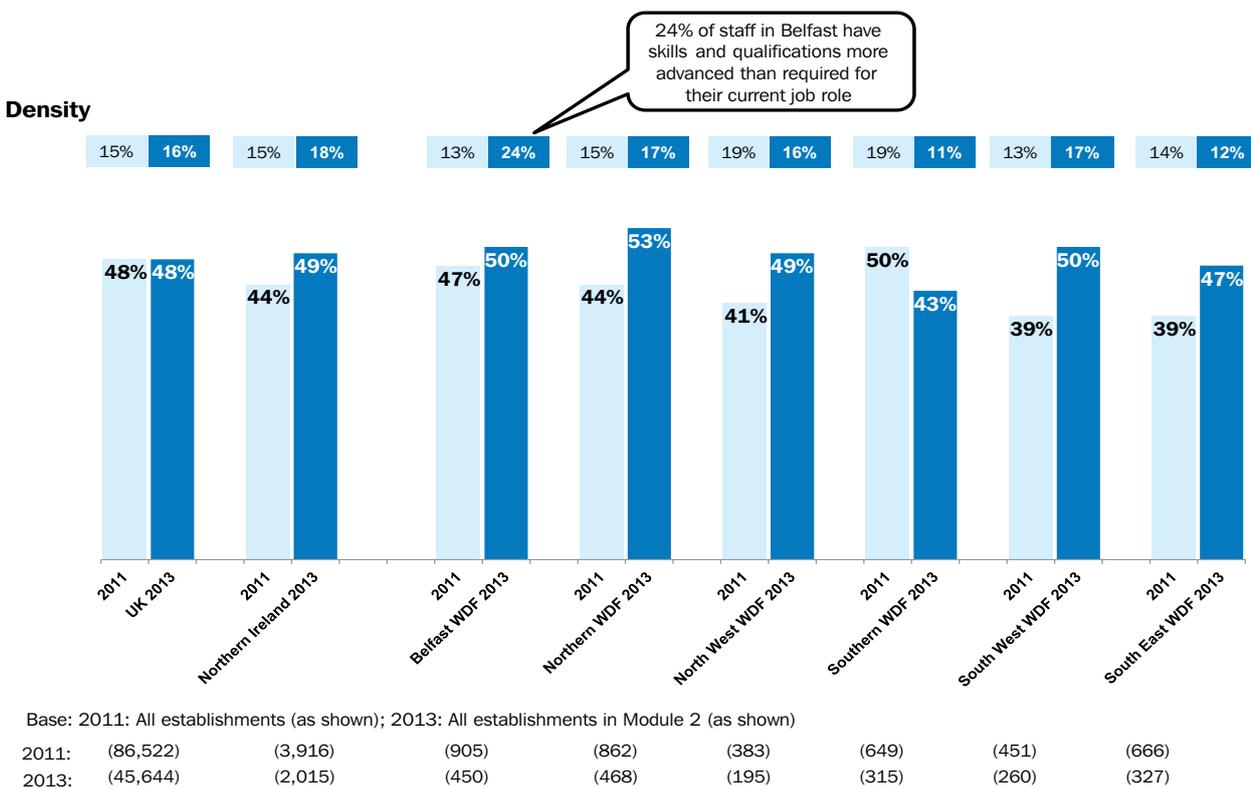
was the same number of self employed persons in NI at October to December 2008 compared to the same period October to December 2014. However a detailed sectoral breakdown of self employed is not available to allow any further analysis at a macro level. While this macro analysis can be caveated as only giving an approximate indication of what may be happening in the labour

market for skills, it does suggest that there may be some under utilisation of higher level skills. However the extent may not be as high as implied in the sectoral shift as some more traditional sectors where jobs were contracting over this period may also have been upskilling work systems and operations. The analysis needs to move to a micro level.

## Skills Utilisation

The latest UK Commission for Employment and Skills (UKCES) Employer Skills Survey relates to 2013 and gives some indication of possible skills under utilisation in Northern Ireland. The results for skills utilisation are given at **Figure 9**.

**Figure 9:** Incidence and density of skills underutilisation by region



In terms of incidence of skills under utilisation the results indicate that close to half of all employers in NI have employees with skills and qualifications more advanced than required for their current job role and the incidence appears to be increasing from 2011. In terms

of density the results suggest that 18% of staff in NI have skills and qualifications more advanced than required for their current job. The worst density is in Belfast. The results for NI in 2013 were slightly worse than the UK (Figure 10).

In terms of what sectors, the worst affected (as regards density) are agriculture, hotels and catering, health and community work. However skills underutilisation appears to be an issue for all sectors and does not fall below 10% of employees in 2013 (Figure 11).

Figure 10: Incidence and density of skills underutilisation by sector (I)

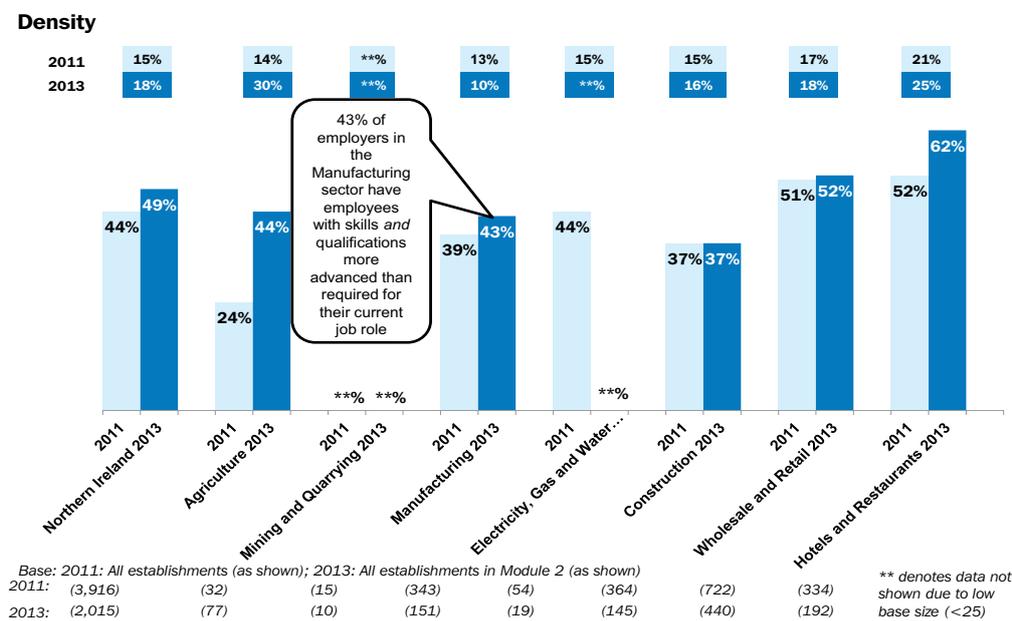
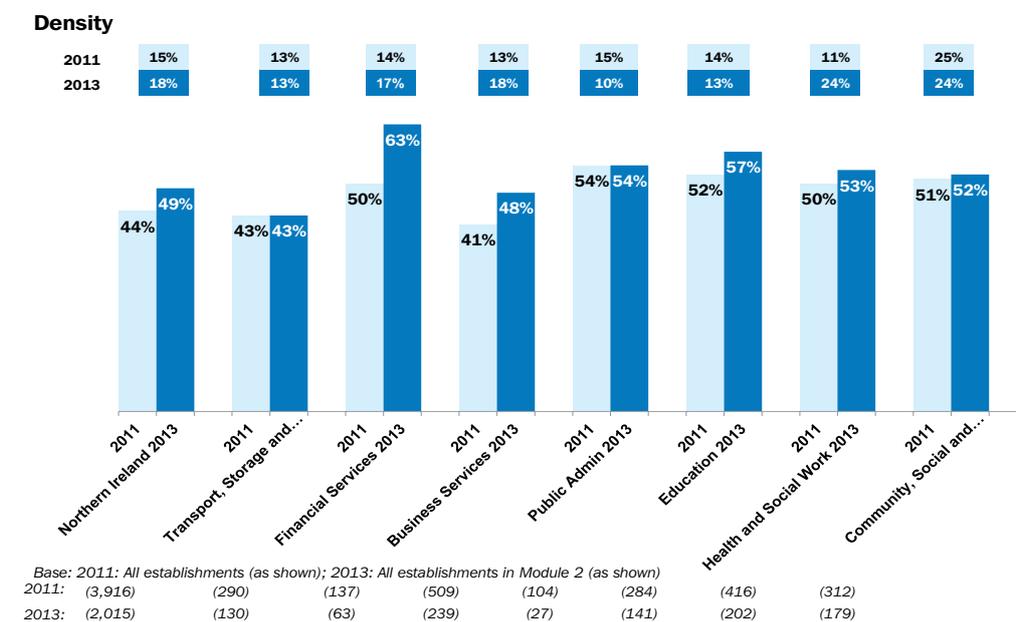
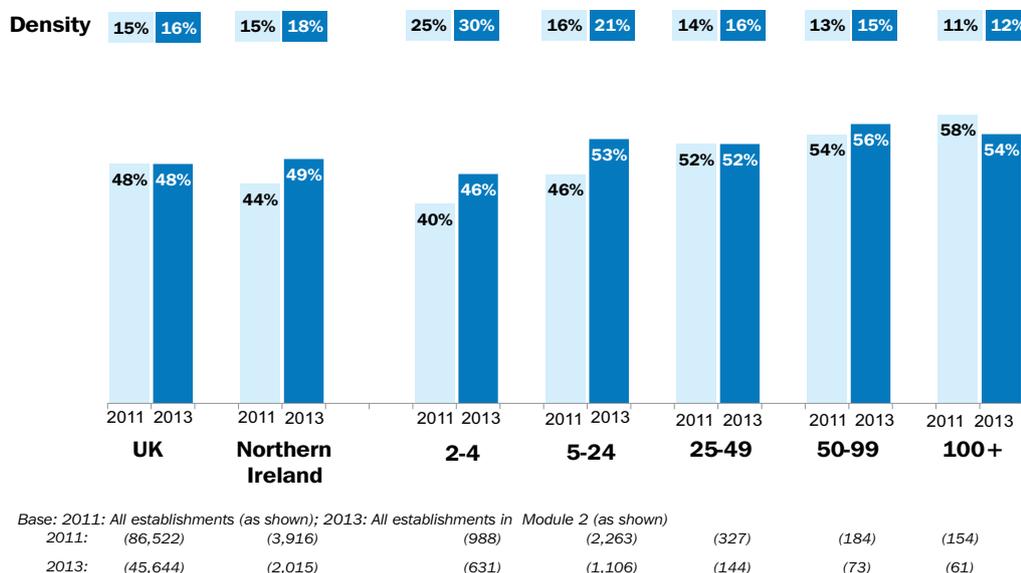


Figure 11: Incidence and density of skills underutilisation by sector (II)



**Figure 12:** Incidence and density of skills underutilisation by size in NI



Finally, the worst affected businesses by size are the small ones with those with less than 25 employees having between 21% to 30% of their employees with skills and qualifications more advanced than required for their current job (**Figure 12**).

## Conclusion

The macro level jobs analysis and the micro level UKCES survey results point to the same conclusion. Skill under utilisation and skills mismatch is a significant problem for NI (and for the UK) and may now be affecting close to one in five employees. This may have come about through the recent upskilling of the labour force on the supply side here matched at the same time with the inability of the local economy to respond on the demand side during a severe recession.

It is difficult though to take this analysis much further. A key conclusion though is that the Department can provide the skills for a modern economy and assist upskilling; but there needs to be action elsewhere to ensure that the demand side of the economy responds to skills supply and that skills are fully utilised. This would appear to require an NI Executive wide effort.

The NI Skills Barometer work from UUEPC will be able to forecast and track skills utilisation moving forward so we can monitor any future skills and qualification mismatch. The key issue and challenge is whether skills mismatch will continue in the medium to longer term as the NI economy adjusts to a period of a tighter public sector fiscal environment and job loss in the public sector. To avoid

continued skills under utilisation and mismatch, rebalancing and expansion of the private sector will need to be sufficient to create higher productivity jobs in sufficient quantity to employ an increasingly upskilled and more highly qualified workforce in future.

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# UK Commission's Employer Perspectives Survey 2014

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**The United Kingdom (UK) Commission for Employment and Skills (UKCES) published in early 2015 its Employer Perspective Survey 2014. The Employer Perspectives Survey is based on over 18,000 interviews with employers in every sector across the UK (including around 2,000 in Northern Ireland (NI)); providing a valuable insight into the external interface between employers and the skills system and on how employers go about meeting their skills needs. This article sets out the background to the Employer Perspectives Survey 2014 and provides an overview of its findings, as they relate to NI.**

## Background

The UK Commission for Employment and Skills currently runs two large-scale employer surveys in alternate years: the UK Commission's Employer Skills Survey (UKCESS), and the UK Commission's Employer Perspectives Survey (UKCEPS). The overall aim of the two surveys is to provide robust and reliable information from UK employers on skills issues and workforce development activities. This information provides a strong base for the development of evidence-based skills policy.

The UKCEPS is designed to complement and supplement the UKCESS. The two surveys cover complementary topics. The UKCEPS is based on over 18,000 interviews with employers in every sector across the UK (including around 2,000 interviews in NI). It focuses on the external interface between employers and the skills system and on how employers go about meeting their skills needs. The UKCESS by contrast focuses more on the changing skills requirements of employers and the degree to which they are shaped internally by different employment practices and investment approaches within the workplace. The Department for Employment and Learning's Analytical Services continually engages constructively with the UK Commission on the design and implementation of both flagship surveys.

On 27th March 2015 the UK Commission published its slide pack and data tables for the NI element of the 2014 Employer Perspectives Survey and is available from the UK Commission website<sup>1</sup>. This article presents an overview of the key findings from the Employer Perspectives Survey 2014 report, as they relate to NI.

## Key findings

Key findings compare the position in 2012 with that in 2014, and across the countries of the UK, where appropriate.

## Employer Perspectives on Recruitment

This aspect of the survey focuses on employers' recruitment practices: the extent to which they engage with the labour market, the channels they use to do so, and what attributes they look for in candidates when recruiting.

### Vacancies

- Reflecting the timing of the economic recovery, recruitment activity in NI was markedly lower than in the rest of the UK with only 38 per cent of establishments having had vacancies in the 12 months preceding the survey (compared to 49 per cent for the UK as a whole). This varied by region and sector within NI as evidenced by **Figure 1;**

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<sup>1</sup> [www.gov.uk/government/publications/employer-perspectives-survey-2014-northern-ireland-data](http://www.gov.uk/government/publications/employer-perspectives-survey-2014-northern-ireland-data)

- The proportion of employers in NI reporting vacancies has decreased slightly since 2012, when it stood at 40 per cent.

**Recruitment channels**

- Employers in NI demonstrated quite different patterns in their use of recruitment channels when compared to other nations. For example, in total, 41 per cent of employers use the Jobs and Benefits Office (J&BO) (compared to 32 per cent on average across

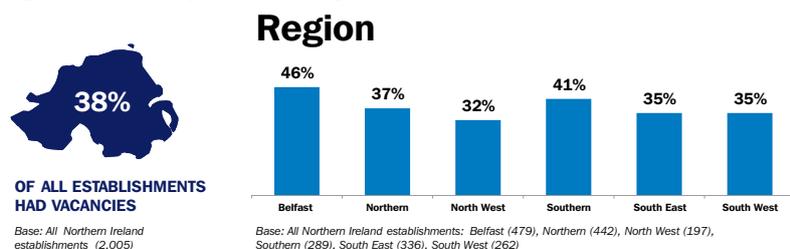
England, Scotland and Wales) – see **Figure 2**;

- In Northern Ireland the balance across each broad channel type was fairly even with employers less likely than average to have used private free channels (59 per cent), and more likely than average to have used public free and private paid methods (54 and 50 per cent respectively);
- Employers in NI are also considerably more likely to

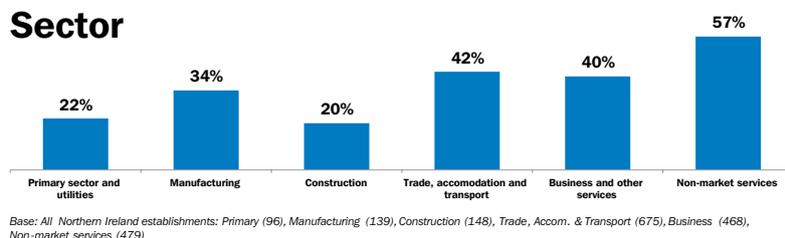
use government schemes and programmes for recruitment purposes (34 per cent compared to 6 per cent in England, 14 per cent in Scotland and 26 per cent in Wales);

- Moreover, employers in NI were far more likely to use the local press (35 per cent) and far less likely to use word of mouth as a channel (18 per cent) than their counterparts in Great Britain (GB).

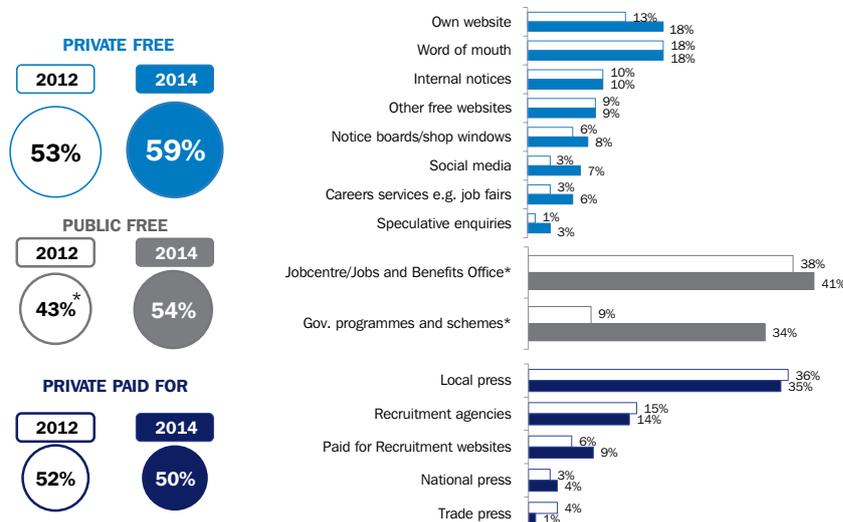
**Figure 1:** Employers reporting one or more vacancies in the last 12 months



**Sector**



**Figure 2:** Most common recruitment channels used in Northern Ireland

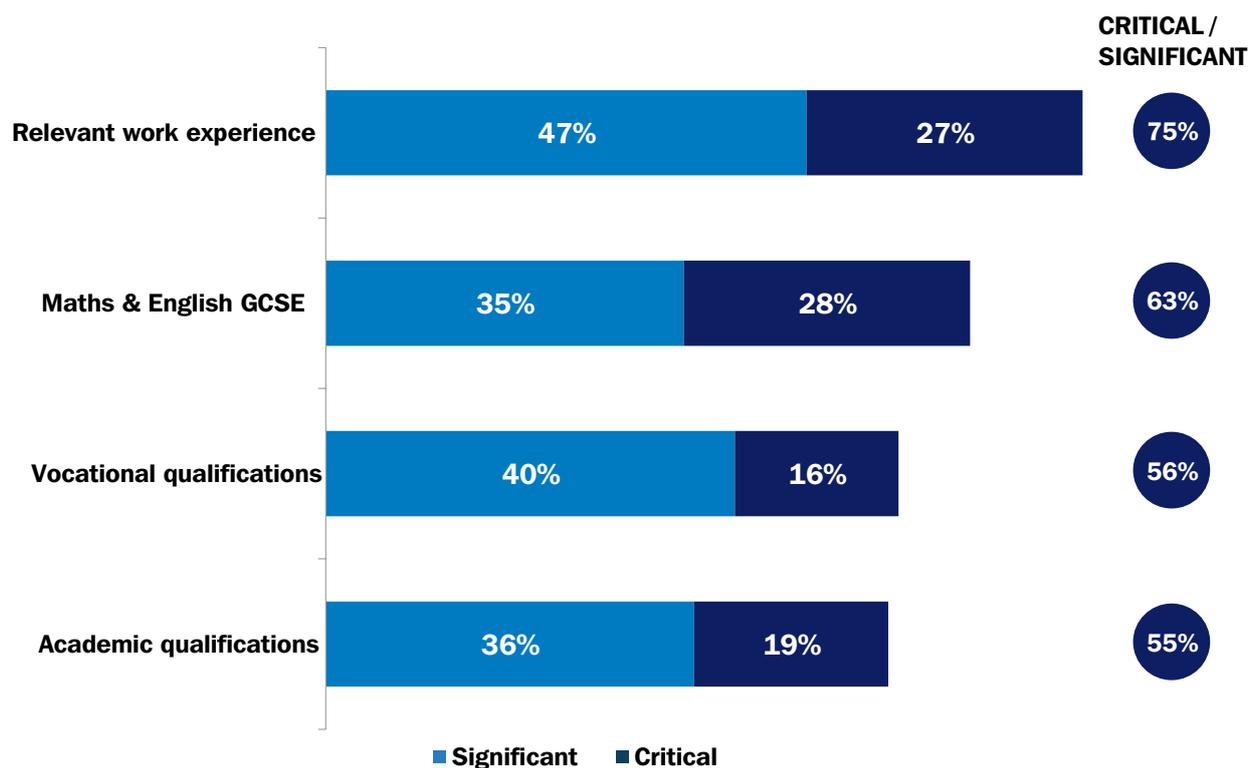


\* 2012 figures differ from those presented in the 2012 report as "prompted" and "unprompted" mentions were separated out in the analysis that time; also 'Steps to Work', which was treated as part of the 'Jobcentre/Jobs and Benefits Office in 2012, is now treated as 'Gov. programmes and schemes' Base (2012/2014): All Northern Ireland establishments with vacancies (544/1,090)

## What employers look for when recruiting

- The Employer Perspectives Survey measures the relative importance of different factors (including ‘relevant work experience’, ‘Maths & English General Certificate of Secondary Education (GCSE)’, ‘academic qualifications’ and ‘vocational qualifications’) to employers when they are recruiting new staff;
- Employers in NI were more likely than employers elsewhere to rate every listed factor as being critical or significant;
- Across the UK, employers place more significance on relevant work experience than on any of the other factors when assessing potential new recruits, with certified achievement in Maths and English (i.e. GCSE at A\*-C grade) following closely behind;
- The importance accorded to vocational and academic qualifications has increased and they now appear to be held in equal esteem across the UK. This can be seen in NI with 55 per cent of employers placing critical or significant value on academic qualifications and 56 per cent placing critical or significant value on vocational qualifications as presented in **Figure 3**.

**Figure 3:** What employers in Northern Ireland look for when recruiting



Note that ‘Small amount of value’, ‘No value’ and ‘Don’t know’ responses are not shown  
 Base: All Northern Ireland establishments (2,005)

## Employer Perspectives on People Development

This aspect of the survey examines the approach of employers to their training and skills development practices.

### **Training provision**

- Northern Ireland employers are the least likely in the UK to offer training to their staff (65 per cent compared to the UK average of 69 per cent). This variation in overall training is almost wholly driven by variations in the offer of internal training with only 52 per cent of employers in NI offering internal training (compared to the UK average of 58 per cent).

## Employer Perspectives on Vocational Qualifications

This aspect of the survey examines the value employers place on Vocational Qualifications.

### **The incidence of training and workforce development**

- Employers in NI are the least likely in the UK to have arranged or funded training designed to lead to a recognised vocational qualification (22 per cent compared with the UK average of 26 per cent);
- Nearly all employers in NI agreed that their staff achieving vocational qualifications enabled them to do their job better (94 per cent). The vast majority

also agreed that vocational qualifications led to better business performance among staff (90 per cent). Around four-fifths of employers then agreed vocational qualifications improved staff productivity, commitment and retention. This trend is reflected at a UK level also;

- Employers in NI cite a number of reasons for not training towards a vocational qualification, including: 'don't know enough about what vocational qualifications are available' (34 per cent), 'the Government does not provide funding or grants to cover the costs' (33 per cent) and 'staff don't want vocational qualifications' (31 per cent);
- A number of employers in NI that provided external training had discussed or been involved in the design of new qualifications and training opportunities (18 per cent of those that provided external training compared to the UK average of 15 per cent). This is a positive indication that employers are taking ownership of the training and qualifications landscape.

### **National Occupational Standards (NOS)**

- National Occupational Standards specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. They represent benchmarks of good practice in an occupation;
- Employers' awareness of the NOS in NI was slightly higher than other UK countries at

42 per cent (compared to a UK average of 39 per cent). This awareness among NI employers has also increased since 2012, from 37 per cent to 42 per cent.

## Employer Perspectives on Young People

This aspect of the survey examines employers' experiences of recruiting young people.

### **Recruitment of education leavers**

- Employers in England, Scotland and Wales were equally likely to have recruited a young person (under 25) in the 12 months preceding the survey (66 per cent); fewer employers in NI however (63 per cent) had recruited a young person and there was variation across region and sector as presented in **Figure 4**;
- The pattern of lower rates of recruitment of young people in NI than in the rest of the UK is in line with that reported in the 2012 Employer Perspective Survey;

- The proportion of NI employers who had recruited education leavers (28 per cent) represents a considerable increase since 2013 (22 per cent) as reported in the latest Employer Skills Survey.

### **Recruitment of older workers**

- Employers in NI were also considerably less likely to have recruited someone aged over 50: only 22 per cent compared to the UK average of 29 per cent.

## Employer Perspectives on Apprenticeships

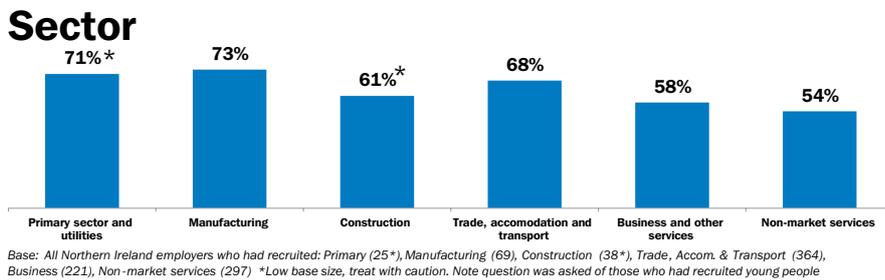
This aspect of the survey examines how Apprenticeships respond to the needs of different types of employers, as well as

providing insight into the quality of Apprenticeships they offer.

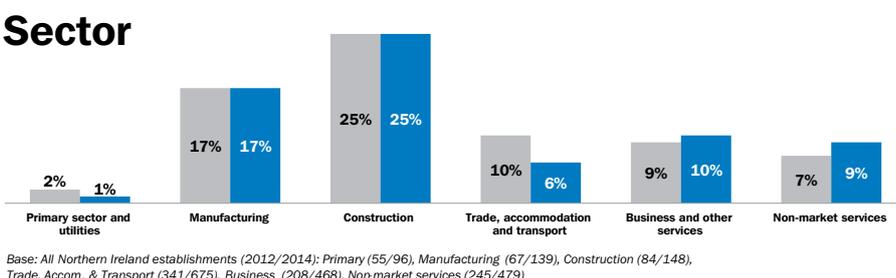
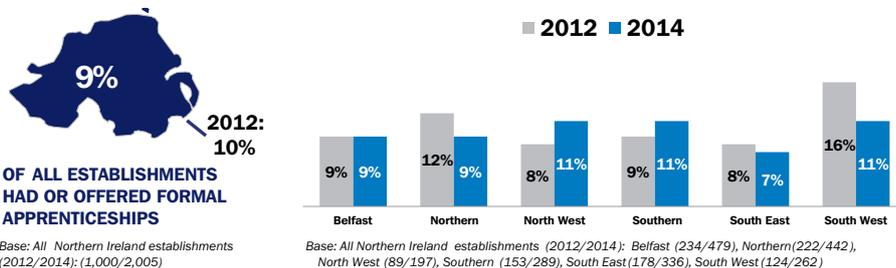
- The proportion of employers offering formal Apprenticeships was lowest in NI (9 per cent) and was greatest in England (15 per cent). They were most prevalent in the construction sector (see **Figure 5**);

- Employers in NI cited a number of reasons for not currently offering Apprenticeships but reasons relating to a lack of awareness were particularly prominent (15 per cent compared with 11 per cent in Scotland and 10 per cent in England).

**Figure 4:** Recruitment of young people (aged 16 –24) in the last 12 months



**Figure 5:** Formal Apprenticeship offering, by region and sector



## Employer Perspectives on Work Placements

This aspect of the survey examines employers experience with work experience activities and their motivations for offering such opportunities.

### Engagement with work experience activities

- Employers in NI were much more likely to have offered work placements in the last 12 months (48 per cent, compared with the 38 per cent UK average), and in particular to have offered placements to pupils/students from schools and colleges (28 and 22 per

cent compared with 20 and 12 per cent on average), as well as placements that targeted the unemployed (17 per cent compared with 6 per cent on average). See **Figure 6** for details. This is interesting when considered alongside the relatively low proportion of employers in NI who recruited young people or education leavers.

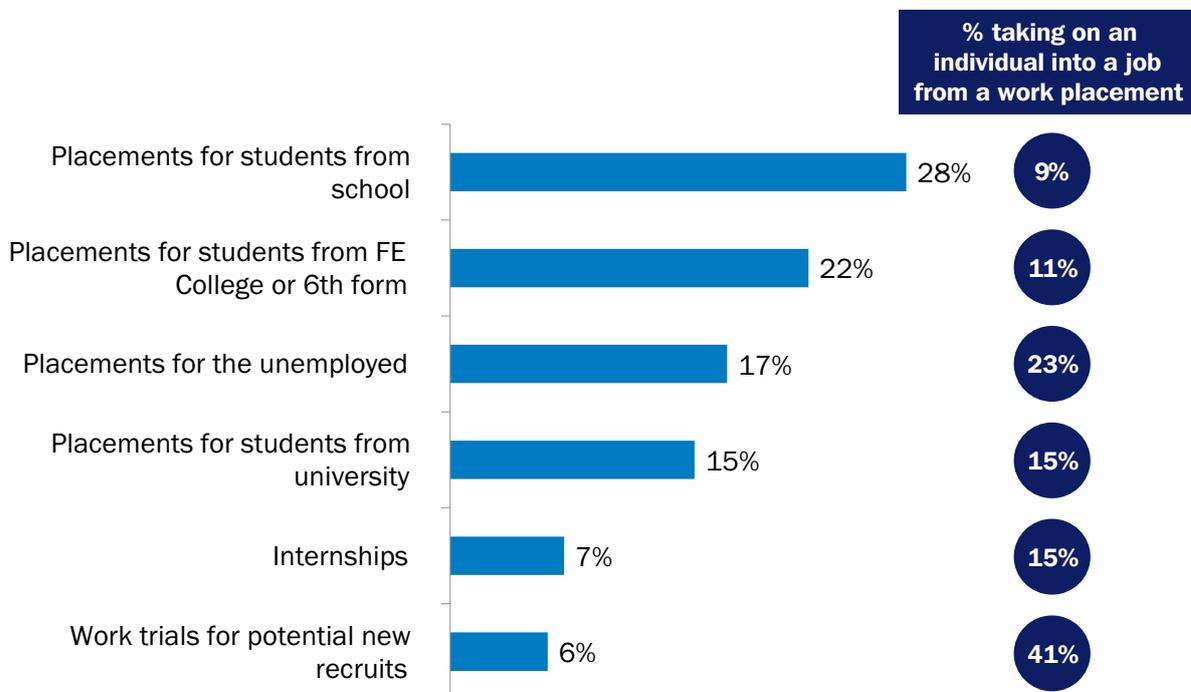
### Work Inspiration activities

- About one-fifth of employers in NI had conducted at least one work inspiration activity in the last 12 months, for example, held site visits at their establishments for students. This compared favourably with Scotland (21 per cent) and

England and Wales (both 17 per cent);

- A minority of employers in NI reported experiencing difficulties when engaging institutions in order to provide work inspiration activities to their students: nine per cent of those engaging schools, six per cent engaging colleges and two per cent of those engaging universities cited such difficulties (compared with the UK averages of eight, eight and four per cent respectively).

**Figure 6:** Most common work placements offered by employers in Northern Ireland



Base: All Northern Ireland establishments (2,005)

All Northern Ireland establishments who have had particular placements in the last twelve months: School (728), College (566), Unemployed (416), University (439), Internships (198), Work trials (155)

## Using the Employer Perspectives Survey to influence policy development

The UK Commission's Employer Perspectives Survey 2014 is a valuable piece of labour market intelligence which has added to and strengthened the evidence base for policy development and delivery in NI around skills and employment. Moreover, the survey complements and strengthens the Department's outward facing approach to evidence gathering and it provides a robust benchmark to assess our performance against other UK regions.

The information is being used to provide an underpinning evidence base to support the work of the three Ministerial Future Skill Action Groups:

- Food and Drink Manufacturing and Processing Group;
- ICT Group; &
- Advanced Manufacturing and Engineering Services Group.

Moreover, the information contained in the Employer Perspectives Survey is being exploited by the Careers Service to produce industry factsheets that highlight current and future career opportunities across a wide range of sectors.

The Department has recently developed a NI Skills Barometer. The data and wider information from the Employer Skills Survey and the Employer Perspectives Survey, which provides analysis of skills shortage vacancies and skills gaps within business by sector, sub region, occupation, types of skills in short supply, causes and detail on skill deficits, has been used as a key information source to help inform the development of the model and to identify associated skill issues. That model will allow Government to allocate its funding in a more efficient manner to meet business needs and provide the evidence for more flexible responses to future skills needs.

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# Higher Education Business and Community Interaction Survey 2015: Northern Ireland Summary

Orla Flanagan, Analytical Services, Department for Employment and Learning

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**The annual Higher Education – Business and Community Interaction (HE-BCI) survey is carried out by the Higher Education Statistics Authority (HESA) in order to provide reliable and relevant information to support policy development and to inform funding decisions related to the Third Stream<sup>1</sup> activities of United Kingdom (UK) Higher Education Institutions. The most recent UK HE-BCI survey dataset was published in March 2015 and provided data on the continuing development of interaction between Business<sup>2</sup> and Higher Education Institutions (HEIs).**

## Background

This article presents some of the key findings of the latest HE-BCI survey from a Northern Ireland (NI) perspective<sup>3</sup>; it draws on a NI summary report published by the Department recently<sup>4</sup>. The HE-BCI survey provides a wide range of data on the “Third Stream” (i.e. business and community facing) activities of all UK HEIs which illustrate the wider contribution HEIs make to the economy and society. The survey is split into two sections; part A contains qualitative responses on the strategic aims of HEIs and part B, the focus of this article, contains the more quantitative financial and numerical data on the performance of HEIs in respect of their Third Stream funding activities.

Higher Education – Business and Community Interaction focuses exclusively on output data covering a range of activities, from the commercialisation of new knowledge, through the delivery of professional training, consultancy and services, to activities intended to have direct social benefits. It should be noted that this survey records the interactions between NI HEIs and businesses (small and large) located both within and outside the region – it is not possible to determine the share of these NI interactions that are purely NI based.

This article sets out the NI position relative to the UK and should be read in context where the NI economy represents **2.2%** of UK Gross Value Added (GVA)<sup>5</sup> and **2.0%** of Full Time Equivalent (FTE) academics in the UK.

The proceeding analysis covers a selection of results from the survey and where possible reflects change over time by comparing the findings of the 2013/14 survey against those of previous surveys, giving a span of 12 academic years from 2002/03 to 2013/14 across a range of key indicators.

## Overview

In 2013/14, UK HEIs received £3.9 billion (including Government funding) from business and community interaction, an increase of 10% - in cash terms – since 2012/13. **In 2013/14 NI HEIs received nearly £93 million from business and community interaction, which represents a 0.5% increase from 2012/13 income levels.** Over the longer term NI HEIs income from business and community interaction has more than doubled (+144%) since 2002/03.

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<sup>1</sup> Third Stream is used to describe HEIs activities in economic regeneration, regional engagement, relations with industry, intellectual property, the exploration of research outcomes and other matters related to the HEIs Business and Community function.

<sup>2</sup> ‘Business’ in this context refers to private, public and third-sector parties of all sizes, with which HEIs interact in a broad range of ways.

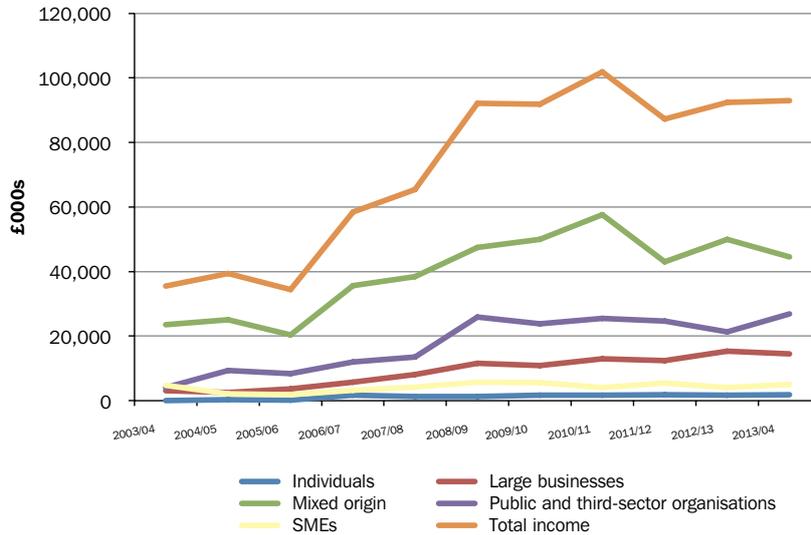
<sup>3</sup> All absolute figures for NI can be viewed in the latest HE-BCI survey which contains the full breakdown of survey results. This can be accessed at [www.hesa.ac.uk](http://www.hesa.ac.uk).

<sup>4</sup> [www.delni.gov.uk/he-bci-2015-ni-summary-report-2013-14.pdf](http://www.delni.gov.uk/he-bci-2015-ni-summary-report-2013-14.pdf)

<sup>5</sup> GVA is a measure of economic activity, similar to but statistically distinct from Gross Domestic Product (GDP), that enables regional analysis.

## Income by partner

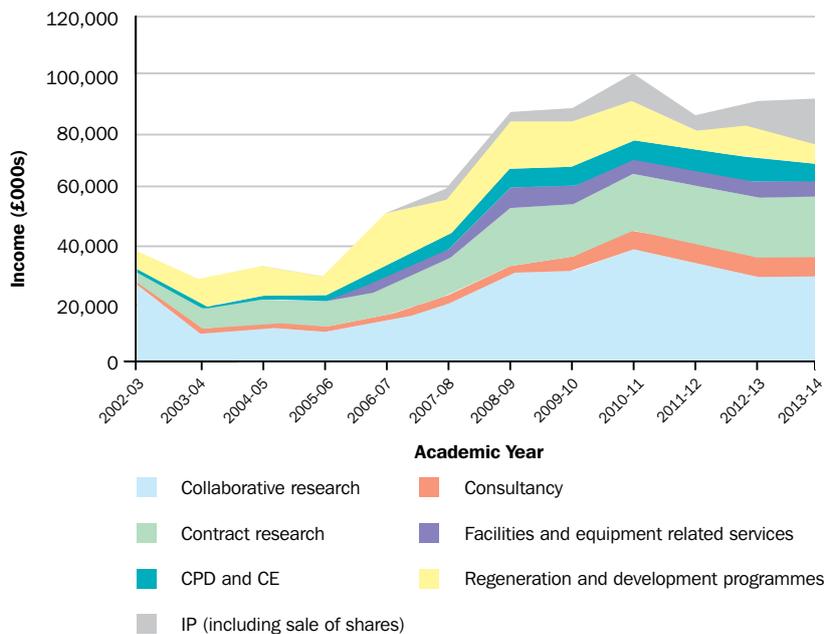
**Figure 1:** NI HEI Total income by partner 2003/04 to 2013/14 (real terms)<sup>6</sup>



**Figure 1** illustrates that spending by small and medium-sized enterprises (SMEs) on interaction activities with NI HEIs increased by 22.5% since 2012/13. However, spending by large businesses on interaction activities with NI HEIs decreased by 5.6% from £15.4 million (in 2012/13) to £14.5 million (in 2013/14) while non-commercial partners in the public and third sectors, charities and social enterprises increased their spending by just over one-quarter from £21.2 million to £26.9 million.

## Research-based interactions

**Figure 2:** Selected NI HE-BCI income streams 2002/03 to 2013/14 (real terms)



The HE-BCI survey defines **collaborative research** as Research and Development undertaken collaboratively between a HEI and an organisation/individual from business and community sectors. HE-BCI data show that income from collaborative research in NI fell by 1.3% from £30.1 million in 2012/13 to £29.7 million in 2013/14 (seen graphically in **Figure 2**). However, income from this source has increased by 7.2% since 2002/03. In relative terms, the performance of local Higher Education Interactions in gaining income from collaborative research remains strong, representing 2.6% of the UK total.

<sup>6</sup> 'Mixed origin' refers to income from activities such as collaborative research, regeneration and sale of spin-off shares where – for reasons of practicality and/or administrative burden – the source of income has not been requested by HESA.

**Contract research** is when Government or commercial bodies arrange for specific research to be done, usually under a contractual agreement. The HE-BCI shows that contract research income has remained fairly static at £19.7 million over the last academic year. Income from this source has however increased sixfold since 2002/03. Contract research income of £19.7 million represented 1.6% of the UK total in 2013/14.

**Consultancy contracts** are a more direct form of knowledge exchange between Higher Education and the economy. Income from consultancy contracts grew by 13.3% to £9 million in 2013/14, up from around £8 million in 2012/13. Income from this source has sixfold since 2002/03. Income from consultancy of £9 million in NI represented 2.1% of the UK total in 2013/14.

**Facilities and equipment related services** relates to the use by an external party of physical academic resources of the Higher Education Interaction. Income from the use of facilities and equipment remained fairly static over the last academic year. This income has however increased rapidly over the longer term, growing from £174k in 2002/03 to £6 million in 2013/14. Income from facilities and equipment related services of £6 million represented a significant 3.7% of the UK total in 2013/14.

**Continuing Professional Development (CPD)** courses are defined as a range of short and long training programmes for learners already in work who are undertaking the course for up skilling, workforce development or professional development. Income from CPD activity has increased by 8.3% from £5 million in 2012/13 to £5.4 million in 2013/14. Furthermore, CPD income has grown strongly (+630%), in real terms, since 2002/03. Income from CPD of £5.4 million in NI represents a below average 0.8% of the UK total in 2013/14, suggesting there is further scope to leverage CPD income in overall UK terms.

**Regeneration funding** is an important way for HEIs to invest intellectual assets in economic, physical and socially beneficial projects. Income from regeneration programmes fell from £15.5 million in 2012/13 to £12 million in 2013/14. Over the longer term, income from this source has increased, growing by 151% over the period 2002/03 to 2013/14. Income from regeneration of £12 million now represents a sizable 6.7% of the UK total.

**Intellectual Property (IP)** is a vital indicator for the value added by the HEIs when interacting with a range of external partners. Income from IP (including sale of shares) increased by 37.1% between 2012/13 to 2013/14. Furthermore, income from this

source has grown exponentially (+5264%) since 2002/03. Income from IP (including sale of shares) of £11 million represented a substantial 8.4% of the UK total in 2013/14.

## Commercialisation Activities

**Spin-offs** are companies set up to exploit IP that has originated from within the HEI. In 2013/14, the total number of spin-offs still active after three years in NI was 51 – six more than the previous year. Over the longer term the number of spin-off companies still active after three years has increased by 64.5%. The 51 spin-offs represented 5.3% of the UK total in 2013/14.

**Disclosures** occur when research-active staff become aware of potentially exploitable research and work with others (often knowledge specialist staff) to develop those ideas. Disclosures have increased by 32.3% to 82 in 2013/14, up from 62 in 2012/13. The number of new **patent applications** has decreased by 39.4% (66 to 40) over the last year and at the same time the number of **patents granted** has decreased by 41.3% (104 to 61). The **cumulative patent portfolio** of the NI Higher Education sector increased marginally by 0.7% to 555 in 2013/14 and represented 3.2% of the UK total in 2013/14.

**Table 1:** Summary – Trends in Key HE-BCI Indicators

Indicator	Recent change (since 2012/13)	Long-term trend (since 2002/03)	NI as a percentage of the UK total <sup>7</sup>
Collaborative Research Income	-1.3%	7.2%	2.6%
Contract Research Income	-0.1%	562.6%	1.6%
Consultancy	13.3%	500.1%	2.1%
Facilities & Equipment Related Services	-0.2%	3348.3%	3.7%
Education & CPD	8.3%	629.7%	0.8%
Regeneration	-22.7%	150.9%	6.7%
Intellectual Property	37.1%	5262.9%	8.4%
Number of Spin-off Companies	13.3%	64.5%	5.3%
Number of Disclosures	32.3%	46.4%	1.9%
Patent Applications	-39.4%	-9.1%	1.9%
Patents Granted	-41.4%	2950.0%	6.3%
Cumulative Patent Portfolio	0.7%	568.7%	3.2%
<b>Total Income</b>	<b>0.5%</b>	<b>144%</b>	<b>2.4%</b>

## Conclusion

The latest HE-BCI Survey shows that the income received by NI universities from business and community interaction increased slightly from £92 million in 2012/13 to nearly £93 million in 2013/14. It should be noted however that NI has outperformed its UK peers in many respects in terms of the UK percentage share: including

the extent of collaborative research, income from intellectual property and the number of sustainable spin-off companies. Queen's and Ulster's University income from business and community interaction represents 2.4% of the UK total. This remains impressive in a context where NI accounts for 2.2% of UK GVA and for 2.0% of FTE academics in the UK.

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<sup>7</sup> NI represents 2.2% of UK GVA  
NI represents 2.0% of UK FTE Higher Education Academics

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# Summary of consultation responses to the Review of apprenticeships

James Gordon, Analytical Services, Department for Employment and Learning

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## Background

**Following the publication of the interim report on the review of apprenticeships, the Department for Employment and Learning held an open consultation. The consultation was based upon four separate themes, all of which had a number of sub questions. There were a total of 32 proposals set out in the interim report and the consultation document contained a range of questions around each of these proposals. This article provides an overview of the responses received from the consultation process and highlights the main points that were raised.**

A public consultation on the proposals of the interim report on the Review of Apprenticeships was launched by the Minister for Employment and Learning on the 13<sup>th</sup> January 2014. The purpose of this consultation was to offer stakeholders an opportunity to document their views on the proposals and summary findings from the Review's interim report. The consultation ran for 12 weeks closing on the 7<sup>th</sup> April 2014. A total of 71 responses were received, these responses included 9 employers, 33 provider/awarding bodies, and 29 described as representative bodies/other.

The consultation was based upon four separate themes, all of which had a number of sub questions:

- **Theme 1 (Part A)** - The components of an apprenticeship;
- **Theme 1 (Part B)** - Underpinning Elements of Apprenticeships;
- **Theme 2** - Increasing Participation;
- **Theme 3** - Partnership – the roles of the key players;
- **Theme 4** - Ensuring Quality.

This article presents a summary of the findings from the apprenticeship consultation relating to each of the themes.

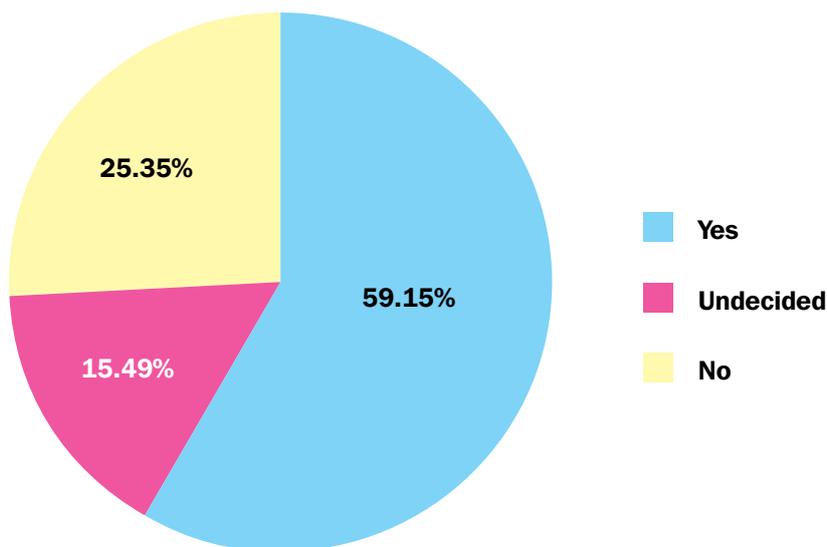
## Theme 1 (Part A) - The components of an apprenticeship

**System of learning** - There was major consensus across all consultees that apprenticeships should be defined as a system of learning, allowing progression to a higher level of study. This should result in better recognition of apprenticeships by employers, parents, potential apprentices and other stakeholders as well as at an international level.

**Access, level and duration of study** - The responses from the consultation process noted that there should continue to be programmes to help develop those individuals who have not achieved the minimum entry requirements for an apprenticeship. These programmes should be well structured training and include Further Education routes that have prerequisites of Level 2 literacy and numeracy qualifications.

A substantial majority of respondents agreed apprenticeships should commence at Level 3 and above, however, with further clarification being sought on provision below this. As evidenced in **Figure 1**, the majority of respondents agreed that the duration of apprenticeships should be a minimum of two years. Most respondents acknowledged that it would be difficult to develop the knowledge and understanding required to be effective in a role in a shorter period.

**Figure 1:** Do you agree that the minimum duration for apprenticeships should be two years?



Overall the proposals here relating to Theme 1 (part A) – The components of an apprenticeship - were welcomed by the majority of respondents. Those who responded also noted that they believed the proposals would help to increase the perception and reputation of apprenticeships to employers, parents, potential apprentices and stakeholders. Some respondents also observed that these proposals have the potential to increase the international reputation of apprenticeships and help focus this provision on development of higher level skills and knowledge throughout the economy.

### Theme 1 (Part B) - Underpinning Elements of Apprenticeships

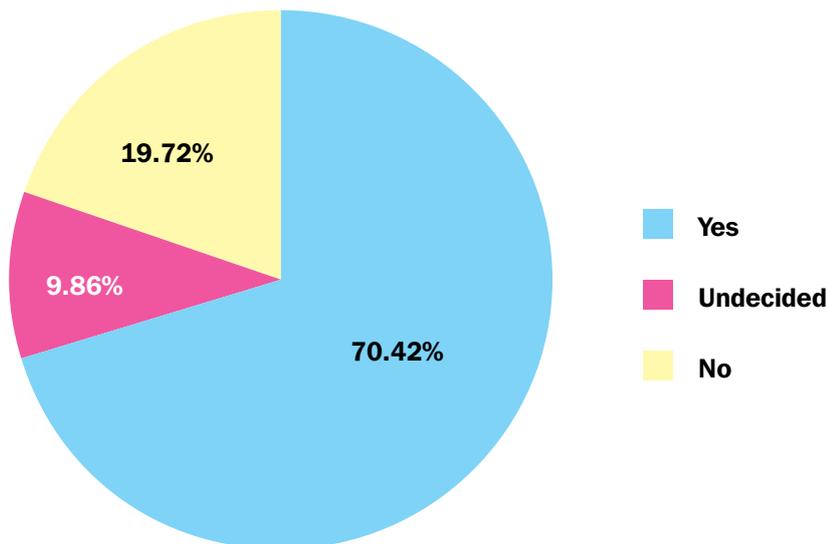
#### ***Breadth of training, progression and qualifications awarded***

– For this section of the review, consultees highlighted that it is important the apprenticeship framework has sufficient breadth and content to enable progression to higher level frameworks and qualifications. The breadth of training should enable apprentices to move between different progression pathways. Furthermore, to allow for greater mobility and portability, the content should be broadened beyond the specific needs of a particular business or sector.

Respondents felt that apprenticeships should extend beyond the skills and knowledge required to operate in a specific job role as this will help to shape and develop their career path. The majority of respondents felt that apprenticeships should facilitate progression, be that, into professional/technical training or onto a higher academic pathway. From these responses it was suggested that progression pathways should, where possible, exist through to at least Level 5 with the option for further progression through to Level 6 & 7, depending on the sector. The possibility of apprenticeships attracting Universities and Colleges Admissions Service (UCAS) points in order to facilitate progression to Higher Education was also suggested.

As noted in **Figure 2**, across the respondents to the consultation, the majority felt that there should be a single award/ qualification to help denote the outcome of an apprenticeship for each occupation at each level. This was seen as a way to help achieve greater clarification for apprentices, employers and training providers.

**Figure 2:** Do you agree that there should be a single award/ qualification to denote the outcome of an apprenticeship for each occupation at each level?



It was clear from the analysis of responses that there was support for a simplification of the awards across occupations, with clearly defined routes, in order to support progression beyond the initial apprenticeship. Suggestions included the development of a model to ensure that progression routes are clear to young people, parents and employers.

It was also evident from the feedback received that strong engagement with employers and training providers are essential to secure the portability of apprenticeships within a sector and the wider economy. When asked how this would be best achieved there was

a consensus that a simplified and well structured progression framework that allows young people the option to step on and step off the progression ladder depending on their personal circumstances is essential. In this regard respondents recognised that this system would require robust frameworks that prepare young people for work and employment.

**Target group** - An overwhelming number of respondents noted that apprenticeships should be for either a new employee or, in the case of an existing employee, a new job role. The respondents also highlighted that apprenticeships should be available to people of all ages,

including those in employment. In this respect consultees also saw resonance in adopting all age apprenticeships to complement the Government's vision of lifelong learning. This would ensure employers have flexibility at the recruitment stage which respondents noted, may encourage employers to embrace apprenticeships.

In terms of ensuring that young people are not crowded out of apprenticeship provision some considered this could be achieved through, for example, promoting the apprenticeship model to younger people or by ring fencing some Level 3 provision for those aged 16-24.

**International exchanges and placements** - Clearly defined awards, which are internationally respected and recognised, were identified as being important in order to have apprenticeship programme support opportunities for international exchanges and placements. Linked to this it was also noted that there should be a better system for mapping and recognising international qualifications.

## Theme 2 - Increasing participation

The proposals in this section were met with support from the vast majority of respondents.

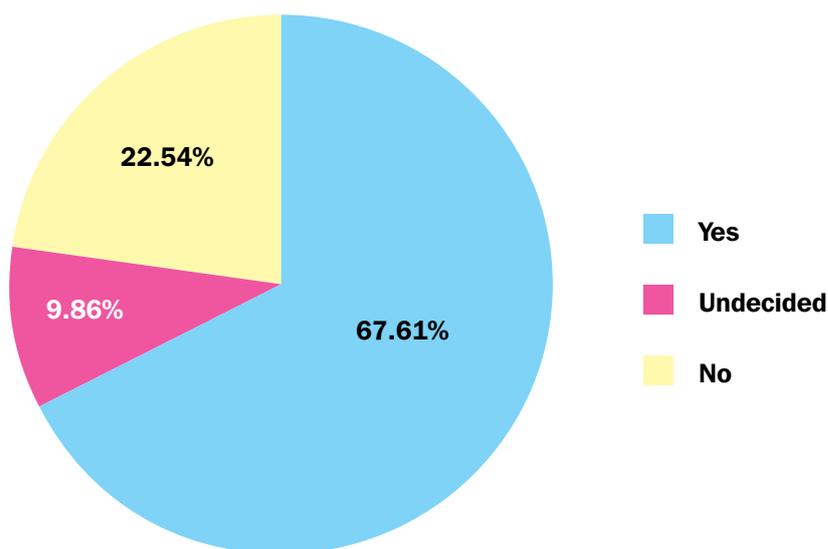
**A central service** - A number of responses from employers noted confusion over the range of schemes that are available. Therefore, as noted in **Figure 3**, it was felt that the provision of a central service, that is easily accessible to employers and potential apprentices, will help to increase participation.

An online service to advertise apprenticeships was seen by a majority of respondents as a way to increase participation, especially as it allows young people to access information online and help encourage employers to participate on apprenticeship programmes.

The creation of a UCAS style portal was seen as positive by the majority of respondents as it was also felt that this could help generate a more appealing outlook for both potential apprentices and employers. Some respondents suggested that a pilot could be explored to test this and that the design and operation of the facility should enable employers to use less resources than the current mechanism.

**Expanding across wider range of occupations** - The responses to this question noted that an expansion of apprenticeships across a wider range of occupations could help address gender imbalances. It was also observed that this could have a

**Figure 3:** Would a central service to market, promote and support apprenticeships, which engages with employers and participants encourage greater levels of participation?



greater potential to better meet the needs of the economy, with apprenticeship frameworks that reflect those needs. In relation to the ways Government might best facilitate this expansion a number of proposals were suggested, including;

- funding incentives being made available, especially for off the job training providers;
- sectors and employers should be consulted on whether apprenticeships meet their needs;
- those providing advice and guidance will need a breadth of technical and professional skills/knowledge to provide appropriate career path advice; and
- apprenticeships should be promoted in schools.

There was support for the proposal that apprenticeships should be expanded to professional and technical occupations in the public sector but only if there is a demand and if it is an appropriate way to help fill public sector jobs.

**Incentives** - A number of respondents suggested the use of incentives to help employers, especially Small and Medium Enterprise's (SME's), engage in apprenticeship programmes. The most popular incentive across respondents was the offer of financial assistance. Others included ensuring the majority of training is carried out in the workplace; simplifying the registration process for apprentices; and ensuring effective partnerships and

collaborations between suppliers and employers.

### **Promotion and advertising**

The majority of respondents agreed that the Careers Service should promote the benefits of the apprenticeship pathway to young people. It was felt that they are best placed to provide this and are able to provide best judgement.

It was suggested that to ensure both genders apply to apprenticeships then it would be beneficial for both males and females to be used in the marketing and advertising campaigns. In addition there should be an increased emphasis and promotion of non typical gender occupations and these should be highlighted strongly in advertising campaigns. Furthermore it was noted that careers advice and information at school should play a prominent role in ensuring that females, in particular, are fully aware of the benefits of apprenticeships and how they can lead to employment.

## **Theme 3 - Partnership**

**Advisory group** - There was strong agreement that Government should establish advisory groups comprising of key stakeholders to provide strategic guidance on apprenticeships. These groups should have the responsibility for the design and regular review of framework content. They should provide oversight and guidance as well as utilising information

available from Sector Skills Councils. The remit of the groups should be to inform/advise Government on industry demands and inform them of areas where there are shortfalls and how best to improve provision overall. It should also include issues surrounding funding, availability/range of courses and new initiatives.

### **Sectoral Partnership Groups**

There was common agreement across the respondents that Government should establish a range of sectoral partnership groups to design and agree apprenticeship provision and inform demand on an annual basis. The consultees stated that these groups should provide information on the provision of apprenticeships in their relevant sectors by bringing updated information to the advisory group about the needs and requirements of the relevant sectors. These groups should also advise and shape content of the programme, advise on promotional campaigns and produce demand statements.

## **Theme 4 - Ensuring Quality**

**Measuring quality and assessment of provision** - The vast majority of respondents agreed that quality, achievement and progression are indicators of the apprenticeship programme's success. However a small number of respondents felt that there is a great emphasis on measuring progression and this is not always suitable. The responses to this theme also

highlighted a number of other criteria that could be considered in order to measure the quality of provision, including:

- monitoring retention and completion rates;
- data collection to demonstrate the value of apprentices to the economy;
- employer participation; and
- satisfaction analysis.

Almost all the respondents felt that apprenticeships should be subject to rigorous assurance and one of the key measures of the apprenticeship model should be relating to how well the apprenticeship programme meets the needs of the employer. These proposals align with the best international practise models, especially the Swiss model. In Switzerland, apprenticeships are known as dual-system apprenticeships. This refers to apprentices receiving structured training by an employer alongside general education and technical skills development. In the Swiss system, businesses determine the content and qualifications for apprenticeships with each of the occupations having one nationally recognised qualification.<sup>1</sup>

**Teaching and learning** – There was broad agreement across respondents that the quality of teaching and learning should be supported through minimum qualification and related pedagogy requirements for each occupational area. This should also involve professional training in pedagogy for those involved

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<sup>1</sup> Further information on the Swiss apprenticeship model and how it may be applied in NI can be found in the Review of Apprenticeships Interim Document at the following link; [www.delni.gov.uk/apprenticeship-strategy-implementation](http://www.delni.gov.uk/apprenticeship-strategy-implementation)

in the delivery of off-the-job training. This is seen as essential in supporting the learning and development of apprentices. In addition, there was support for the establishment of stringent conditions for continuous professional development to ensure that those delivering training remain expert in their field.

### Conclusion

Overall our analysis of the consultation responses demonstrated that there was broad support from the respondents in relation to the 32 proposals set out in the interim report. Generally, it was felt that these proposals would help to increase the perception and reputation of apprenticeships to employers, parents, potential apprentices and stakeholders. It is also evident that respondents felt these proposals can increase the international reputation of apprenticeships and help focus this provision on development of higher level skills and knowledge throughout the economy. The respondents felt that apprenticeships should be available for all ages and should be offered where best needed by employers and learners.

In the responses it was evident that consultees believed that strong engagement with employers and training providers are seen as essential in securing the portability of apprenticeships within a sector and the wider economy. In addition a simplified

and well structured progression framework should be in place that allows young people the option to step on and step off the progression ladder depending on their personal circumstances.

There was also support for government provision for learners, who have not acquired the pre-requisite level of qualifications to access apprenticeships. Analysis of the responses also found there to be a need to continue with support for programmes to help develop those individuals who have not achieved the minimum entry requirements. These programmes should be well structured training and further education routes that include pre requisites of Level 2 literacy and numeracy qualifications.

There was general agreement across the respondents that quality, achievement and progression are indicators of the apprenticeship programme's success, as they provide an accurate indication of how a programme is progressing or previously progressed. The majority of respondents felt that apprenticeships should be subject to rigorous assurance and one of the key measures should relate to how well the apprenticeship programme meets the needs of the employer. It was felt that the proposals noted in the interim report align with the best international practise models, especially the Swiss model.

This article has been a summary of the report on the responses of the consultation process of the Apprenticeship Review which was submitted to policy colleagues upon completion. That helped to ensure that the feedback received through the consultation process, as summarised in this article, was used to inform the final policy for apprenticeships, which was published in the summer of 2014.

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# Wider national and international research into skills, employment, innovation and wider labour market issues.

Declan Healey, Analytical Services, Department for Employment and Learning

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**The Department for Employment and Learning monitors a number of Government organisations and research bodies to keep abreast of related research in the field(s) of skills, employment, innovation and wider labour market issues. The aim is to ensure that relevant outcomes from this wider body of research are built into the policy development cycle. Therefore, when commissioning its own research the Department avoids any unnecessary duplication and can build on the work carried out elsewhere. The results of this research review (QRR) are published by the Department on a quarterly basis. The most recent updates can be found at: [www.delni.gov.uk/articles/del-quarterly-research-review](http://www.delni.gov.uk/articles/del-quarterly-research-review).**

## Introduction

The following article contains a number of research reports which were reviewed as part of the Department's QRR, these articles were published in the period April 2014 to March

2015, although in some cases more recent information has been included especially where reports have been updated. The articles are listed herein under the seven headings that broadly fit with the Department's strategic objectives.

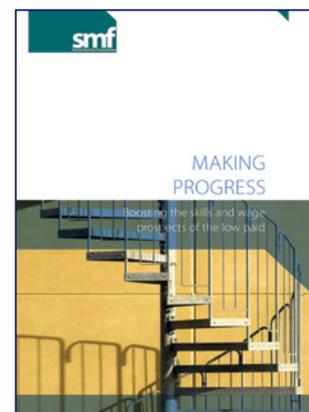
### Note:

***The research referred to in this Review presents the views of various researchers and organisations and do not represent the views or policy of the Department for Employment and Learning.***

## (a) Skills

### **Making progress: boosting the skills and wage prospects of the low paid, Social Market Foundation**

- This paper reports on the scale of the challenge facing the United Kingdom (UK) in relation to low-paid work and the lack of mobility out of low pay. It focuses on the need to boost skills in order to drive occupational progression. This report calculates that some 2.9 million workers in the UK start off in low pay and remain in low paid work for at least a year. This equates to one in every eight workers. The authors illustrate the skills gaps that exist across the occupations and sectors where low pay is most prevalent and explains the market failures which make a strong case for state intervention. The report recommends a fiscally-neutral policy that would enable investment in the skills of the low paid thus boosting their productivity and their earnings.



### **Growth through people, UK Commission for Employment and Skills (UKCES)**

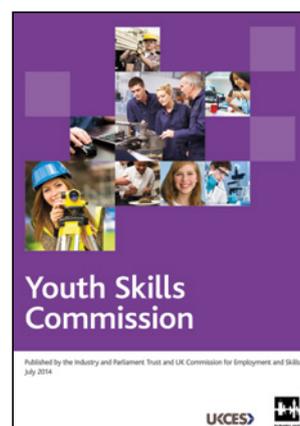
- This report sets out ways in which employers, trade unions and the government can collaborate to ensure the UK has the skilled workforce it needs. It notes that collaboration to build a skilled workforce will involve these sectors working together and can generate rewards especially for businesses which have the purchasing power to achieve economies of scale, stimulate demand and encourage new or more tailored training. The authors observe that changes in the shape of the UK labour market have fuelled growth in high skill jobs and new higher skilled technical roles, meaning that, while prospects are good for those with high level skills, there is greater competition for those at the bottom.



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### **Youth skills commission, UKCES**

- This document provides a series of case studies and good practice examples of ways in which employers can work better with government to help young people gain access to the workplace. The report finds that Employers must be central to the design and provision of programmes to train young people and provide skills. Other findings include noting that employers, Government and parliamentarians must continue to work together to boost the reputation of apprenticeships and to ensure they are no longer viewed as a “second-best” option by parents and schools. Apprenticeships must be high quality, based on standards set by industry and subject to independent assessment so that they provide young people with respected and transferable skills. The authors also note that an apprenticeship should represent a meaningful occupation with progression in terms of wage gain and career prospects.



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### **The Value of Soft Skills to the UK Economy, McDonald's UK**

- This report describes the value of soft skills to the UK economy, both in the present and the future. The report estimates the contribution of soft skills as just under £88.5 billion overall, and includes individual estimates for each of the UK nations and regions, as well as for the 18 broad commercial sectors that comprise the UK economy. It notes that for Northern Ireland (NI) the Value of output (GVA) attributable to soft skills in 2012 was £1.847m, this is the lowest of all the UK regions. The authors forecast that the contribution of soft skills to the UK economy will rise to just over £109 billion by 2020, and to just over £127 billion by 2025. The document concludes that the annual overall loss of production due to soft skills could amount to just under £8.4 billion per year by 2020 if the current weaknesses in the UK's soft skills are not addressed. These weaknesses include underinvestment in soft skills which is expected to contribute to skills shortages where employers are unable to fill workforce vacancies because they cannot find recruits with sufficient skills.



## Wider national and international research into skills, employment, innovation and wider labour market issues.

Declan Healey, Analytical Services, Department for Employment and Learning

### (b) Further Education (FE) & Training

#### Evidence review: employment training, What Works Centre for Local Economic Growth

- This report concentrates on training programmes which targeted those aged 18+, including day-release and short courses across the UK and various OECD countries. The paper finds that overall, of the 71 evaluations reviewed, 35 found positive programme impacts, 22 found mixed results, nine studies found that training interventions didn't work for them (there was no evidence of positive outcomes on employment or wages) and a further five found negative impacts. The authors found that in-firm/ on the job training programmes outperformed classroom-based training programmes, and that there was no evidence that local delivery was more or less effective than national delivery.



#### Developing apprenticeships, European Centre for Development of Vocational Training

- This report highlights the benefits of apprenticeships and other forms of work-based training. However the authors note that the challenge in developing apprenticeships is that young people view the jobs and careers that vocational education and training leads to as unattractive. Furthermore the report posits that developing apprenticeships depends heavily on employers' commitment to providing training places and in-company training.



#### The role of aspirations in the educational and occupational choices of young people, National Centre for Vocational Education Research

- This report examines the factors that influence educational aspirations in order to provide an insight into the strategies that could be used to raise aspirations. The authors found that educational aspirations measured at the age of 15 years do not change markedly as students grow older, suggesting that these are formed at an early age and that interventions later in the senior secondary school year may be too late to influence aspirations.



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## Wider national and international research into skills, employment, innovation and wider labour market issues.

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### Winning the global race: jobs, skills and the importance of vocational education, Institute for Public Policy Research

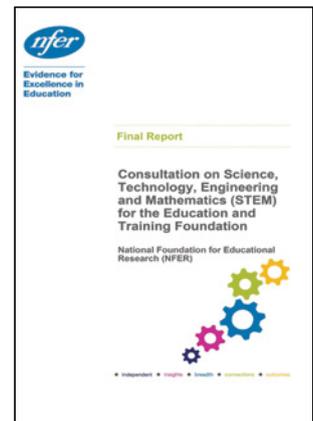
- This report analyses the latest projections on the changing shape of the jobs market in the UK. The findings of the report indicate that Britain needs stronger and better vocational education, coupled with new business models that make better use of workforce skills and enable companies to take advantage of more qualified workers.



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### Consultation on science, technology, engineering and mathematics (STEM) for the Education and Training Foundation, National Foundation for Educational Research (NFER)

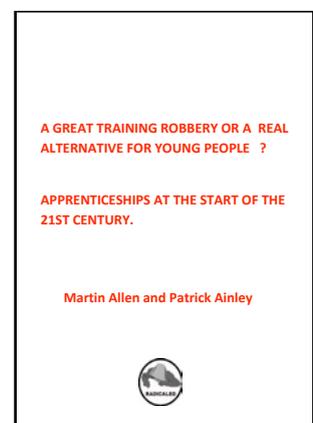
- The findings of a consultation on STEM which explored the challenges facing the further education and skills sector and what support the Education and Training Foundation should provide are explained in this report. It identifies priorities such as supporting the recruitment and retention of STEM staff, providing STEM-related continuing professional development (CPD), sharing effective practice, supporting greater involvement from industry, raising awareness of the benefits of STEM-related CPD, and examining existing STEM provision.



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### A great training robbery or a real alternative for young people? Apprenticeships at the start of the 21<sup>st</sup> century – Radicaled

- This report looks at the reintroduction of apprenticeships in the UK and provides a critique of the system and describes the original apprenticeship training system and its collapse. The report considers the future of apprenticeships and calls for new approaches that are responsive to changes in the economy and labour market.



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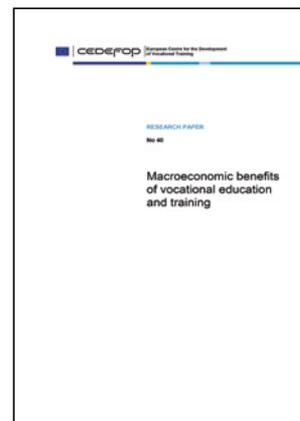
## Wider national and international research into skills, employment, innovation and wider labour market issues.

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### Macroeconomic benefits of vocational education and training, European Centre for the Development of Vocational Training (CEDEFOP)

- This report builds on and expands on the body of research that suggests there is a positive relationship between levels of education and productivity growth. The analysis suggests that general and vocational skills complement each other and that the effect of skills on productivity is stronger when certified skills are reinforced by training.



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### Do employment subsidies reduce early apprenticeship dropout?, Centre for European Economic Research

- This paper evaluates the effect of the Apprenticeship Bonus, which is an employment subsidy programme in Germany for school leavers who looked unsuccessfully for an apprenticeship directly after leaving school, on the rates of early apprenticeship dropout. They suggest that subsidising vocational training is ineffective in lowering total dropout rates.



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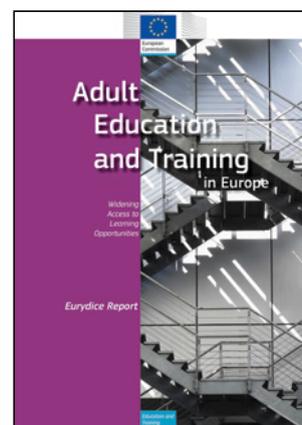
### Entry to vocations: building the foundations for successful transition, National Centre for Vocational Education Research (NCVER)

- This report investigates how to strengthen vocational education and training (VET) in schools in order to help improve the outcomes of students and improve post-school pathways. The paper makes a number of suggestions that can strengthen VET in schools such as, defining the purpose of VET in secondary education as foundational preparation for access to mid-level qualifications and entry to employment-based learning. They also suggest that by making explicit connections between VET undertaken at school and post-school VET study may strengthen the pathways to post-school vocational courses.



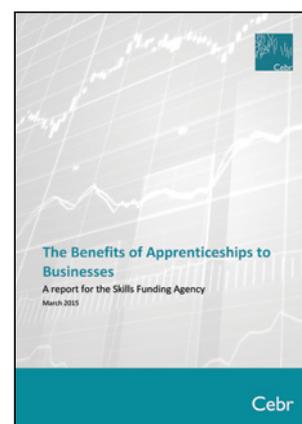
### Adult education and training in Europe: widening access to learning opportunities, Luxembourg: Publication Office of the European Union (EU)

- This report presents an overview of policies and data related to the renewed European agenda for adult learning and focuses on measures to ensure that the most vulnerable groups of adult learners, in particular those with low basic skills or insufficient qualifications, have appropriate access to lifelong learning opportunities. The authors also look at the main types of publicly subsidised programmes, learning flexibility and progression pathways, outreach initiatives, and targeted financial support across European countries.



### The benefits of apprenticeships to businesses, Centre for Economics and Business Research (CEBR)

- This report examines the benefits that apprentices can offer businesses both while they are training and after they have completed their apprenticeships. The report presents findings from new consumer research carried out to examine the price premiums and increased consumer demand that businesses can expect to realise from taking on apprentices, as well as the extent to which apprenticeships can help improve an organisation's reputation. The document highlights key findings, including that 440,400 people started an apprenticeship in England in 2013/14, almost double the number in 2007/08.



### Developing, approving and maintaining qualifications: selected international approaches, NCVER

- This research investigates how different countries develop, approve, maintain and ensure the quality of qualifications, focusing on vocational education and training and outlines qualification frameworks in place. The authors look at how qualifications are created, endorsed, rationalised and removed, and provide examples of implementing quality assurance in a number of countries, including the USA, Ireland, Scotland, Finland and South Africa. The findings show that governments are keen to ensure the quality of their qualifications and that countries wanted to involve industry and other relevant stakeholders in the development of occupational and education standards as well as accreditation of qualifications frameworks and qualifications.



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## Wider national and international research into skills, employment, innovation and wider labour market issues.

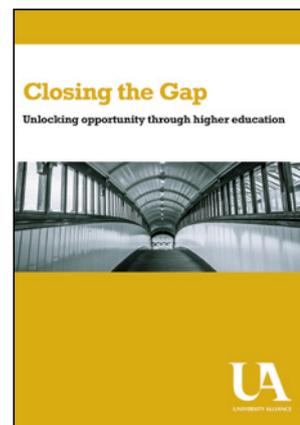
Declan Healey, Analytical Services, Department for Employment and Learning

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### (c) Higher Education (HE)

#### **Closing the Gap: Unlocking opportunity through higher education, University Alliance**

- This report examines widening participation by non-traditional students in HE and recognises the number of institutions offering valuable skills and education for the graduate labour market. The report makes a number of recommendations including a continuation of support for widening participation to HE for all and increasing the student opportunity fund, which at just 2% of the £13bn spent on HE, student loans and the science and research budget, is the only funding stream awarded to institutions based on the genuine added cost of recruiting and retaining these high cost students. Other recommendations noted include that Universities should do everything they can to engage with a diverse range of employers, to strengthen links between education and the needs of the economy and to offer the best opportunities to their students and graduates, whatever background they may come from.



#### **Forging futures: building higher level skills through university and employer collaboration, UKCES**

- This document provides an overview of the ways in which universities and employers can form collaborative partnerships to encourage the development of higher level skills in the economy. The report argues that there is a need for increased collaboration of this kind, as a way of developing a broader range of pathways to employment and higher level skills.



#### **Socio-economic differences in university outcomes in the UK: drop-out, degree completion and degree class, Institute for Fiscal Studies**

- This report looks at how students who come from disadvantaged backgrounds are more likely to suffer at university than those who come from richer homes. The research shows that when comparing individuals on the same course by their socio economic backgrounds, those from higher socio-economic backgrounds are 3.4 percentage points less likely to drop-out, 5.3 percentage points more likely to graduate and 3.7 percentage points more likely to graduate with a first or 2:1 than those from lower socio-economic backgrounds.



## Wider national and international research into skills, employment, innovation and wider labour market issues.

Declan Healey, Analytical Services, Department for Employment and Learning

### Subject choice and inequalities access to higher education: comparing Scotland and Ireland, Applied Quantitative Methods Network (AQMeN)

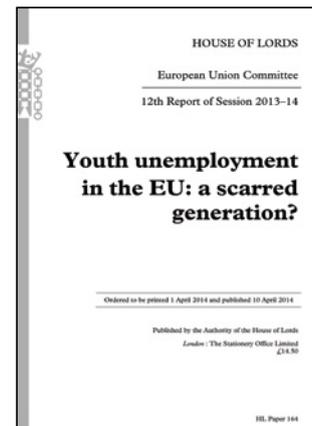
- This report compares the Scottish and Irish education systems, with the aim of uncovering the mechanisms by which parental background factors affect the chances of entry into HE. They found that although levels of social inequality in HE entry have fallen over time, they have reduced more in Ireland than in Scotland. It notes that social inequalities in entry to HE are mostly explained by subject choice in Scotland, and by academic performance in Ireland, and that patterns of social inequality and the role of school subject choice vary by type of HE institution both in Scotland and Ireland.



### (d) Routes to Employment

#### Youth unemployment in the EU: a scarred generation, The Stationery Office

- This paper reviews the EU's overall youth unemployment strategy and considers how the resources available at EU level can be best allocated in order to complement national measures that seek to tackle this problem. It discusses how examples of good practice can feed into the development of youth unemployment policy at EU level.



#### Labor Market Institutions and Long-term Effects of Youth Unemployment, Institute for the Study of Labour

- This report considers how finishing school during a recession affects future employment opportunities. The authors note that the large negative shock to the labour market after the financial crisis in 2008 sharply increased the youth unemployment rate in many developed countries. They also suggest that an initial experience of unemployment may cause subsequent unemployment.



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## Wider national and international research into skills, employment, innovation and wider labour market issues.

Declan Healey, Analytical Services, Department for Employment and Learning

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### **Precarious futures? Youth employment in an international context, UK Commission for Employment and Skills**

- This paper examines the current state of the labour market for young people. The authors emphasise the importance of access to and experience of the workplace for young people as well as exploring the situation in the UK of combining work with studying, and the impact this has had on labour market outcomes for young people. The report recommends a balance between work and education for all young people.



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### **Connecting people with jobs: activation policies in the United Kingdom, OECD**

- The aim of this report is to examine recent policies in the UK aimed at moving people back into work. The authors seek to provide insight into how countries can improve the effectiveness of their employment services and control spending on benefits. The authors noted a number of recommendations including increasing the work programme funding levels to ensure more clients who are less well connected to the labour market are helped into employment. It is also recommended that there should be increased expenditure for labour market training programmes for the unemployed to help address skill deficiencies.



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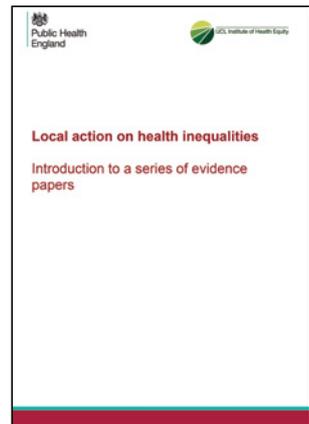
### **Remember the young ones: improving career opportunities for Britain's young people, Institute for Public Policy Research (IPPR)**

- The authors of this report examine the difficulties for young people in the UK in moving into the employment market, particularly those moving from education to employment. The report provides a series of recommendations to improve employment prospects for young people, such as improving the links between training providers and employers, establishing a programme to recruit talented maths and English teachers to college, and recommending that careers guidance should be provided by specialist advisors, not teachers.



### Local action on health inequalities: increasing employment opportunities and retention for older people, Public Health England

- This report looks at how employment opportunities can be retained and opportunities increased for older people. The document sets out what works to retain and increase older workers in the employment market. The authors suggested measures include flexible working, training for managers about the inclusion of older workers, encouraging training, and flexible retirement options.



### Promoting youth employment through activation strategies, International Labour Organisation (ILO)

- This report examines youth employment and describes how it has become a major issue around the world with remarkable differences within regions and among countries. The authors highlight that institutional factors such as labour market regulations, minimum wages, vocational training systems, benefit regimes and activation strategies play a major role in facilitating, or hampering, the transition of young people into the labour market.



### Addressing youth unemployment in the EU, European Commission

- This report looks at what is being done to address the problem of youth unemployment in the EU. The authors note that young people have been disproportionately hit by the economic crisis, with more than five million young people aged 15-24 unemployed in the EU (21.9%). It also notes that more than one in five young Europeans cannot find a job, and that more than 33% of unemployed people under 25 had been unemployed for more than a year in 2013. The document explains that the European Commission has been testing 'Your first EURES Job', a scheme to help young people aged 18-30 to find a job in EU Member States and discusses European Social Fund support for youth unemployment.



### Catch 16-24: youth employment challenge, UKCES

- The authors of this report argue that not enough employers in the UK are providing work experience opportunities for young people, and that whether young people have access to opportunities has become a 'postcode lottery' due to significant regional variations in employer-education engagement. The authors show that while the economy is growing, the youth unemployment rate is still high (16.9%). The research also shows that while employers regard the young people they recruit as ready for work, the main thing they lack is experience, and that, although, 66% of employers say experience is a critical or significant factor in their recruitment decisions, just 20% offer work experience placements to schools, and only 12% to colleges.



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## Wider national and international research into skills, employment, innovation and wider labour market issues.

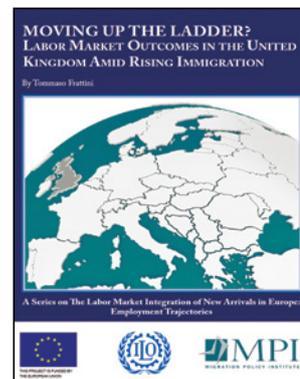
Declan Healey, Analytical Services, Department for Employment and Learning

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### (e) Other Labour Market Research

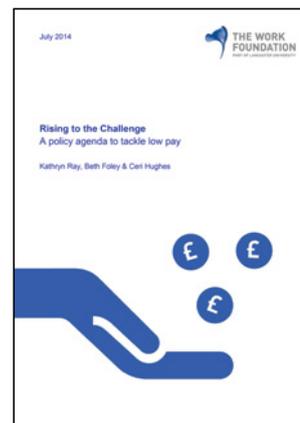
#### Moving up the ladder? Labour market outcomes in the United Kingdom amid rising immigration, Migration Policy Institute

- This report looks at the labour market trajectories of recent immigrants to the UK based on Labour Force Survey data. The report finds that, when economic conditions are controlled, for European Economic Area (EEA), immigrants are on average five percentage points more likely than natives to be employed, while non-EEA are 1.3 percentage points less likely to be employed.



#### Rising to the challenge: a policy agenda to tackle low pay, Work Foundation

- The authors of this report explain that although the economy is recovering, there is still a large part of the workforce in low pay, approximately 5.1 million employees, with living standards not expected to improve for the next few years. The document outlines a variety of proposals for tackling low pay, including that pilot funding be made available specifically so that local stakeholders can work together with sector skills bodies to develop career ladder initiatives that benefit low-skilled staff.



#### Careers of the future, UKCES

- The authors of this report outline a list of jobs which, it is suggested, will be crucial for the UK job market over the next decade. The report highlights a number of roles which could present young people with a good mix of opportunity, reward and long-term potential. The authors of this report note that there is a clear trend towards individuals needing to take greater responsibility for acquiring and updating their skills. This will be essential if people are to progress in their work and meet their career aspirations..

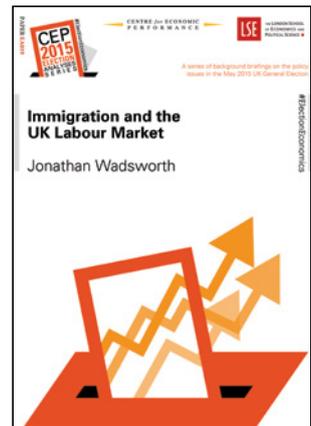


**Wider national and international research into skills, employment, innovation and wider labour market issues.**

Declan Healey, Analytical Services, Department for Employment and Learning

**Immigration and the UK labour market, Centre for Economic Performance (CEP)**

- The authors of this report investigate the effect of immigration on the UK labour market and find that about one third of the total immigrants come from European Union countries, mostly for work-related reasons whereas most arrivals from outside the European Union are for study-related reasons. The report also found that immigrants are better educated and younger than their UK-born counterparts and that immigrants are over-represented in both the very high-skilled and the very low-skilled occupations.



**(f) Developing and Maintaining the Framework of Employment Rights & Responsibilities**

**The economic and social mobility of ethnic minority communities in Northern Ireland, The Joseph Rowntree Foundation**

- This report aims to address significant gaps in knowledge and data on employment patterns and experiences of ethnic minority communities. The authors note that ability in spoken English is perceived as a key factor in supporting promotion and progression in the labour market. The report also noted that there is a high degree of labour market segmentation by ethnic minority background in NI. Recent Eastern European arrivals displayed high levels of economic activity and labour market participation; however this was predominantly in lower paying sectors of employment. The Indian and Filipino communities were mostly represented in higher paying professional sectors. The worst outcomes relating to economic activity, labour market participation, education and health were among the Irish Traveller community.



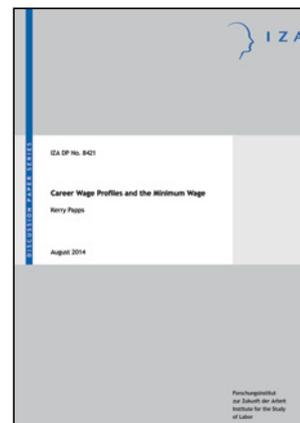
**Give and take? Unravelling the true nature of zero-hour contracts, Advisory, Conciliation and Arbitration Service (ACAS)**

- This report presents the findings of research which analysed the nature of calls made to the ACAS helpline in relation to zero-hour contracts. The authors report that the most common reasons for calling the helpline were; to find out about employment rights in relation to zero-hour contracts; and when a significant change to working patterns was made. The report also notes the benefits for and against the use of zero-hour contracts.



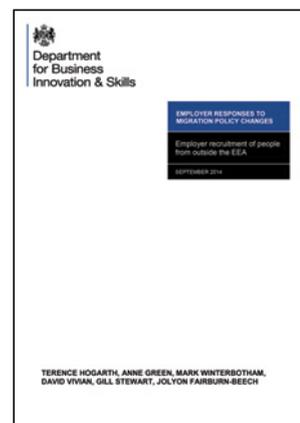
## Career wage profiles and the minimum wage, Institute for the Study of Labor (IZA)

- This report compares the wage growth of otherwise identical different workers who were affected by the youth minimum wage to different degrees because they entered the labour market at different times. The authors' findings include that workers who were affected by the minimum wage before age 22 have significantly lower wage growth later in life than others, but only if they worked in jobs that were not covered by a collective labour agreement. In addition the authors note that the difference in wage growth reflects differences in productivity between workers.



## Employer responses to migration policy changes: employer recruitment of people from outside the EEA, Business Innovation & Skills (BIS)

- The authors of this report examine how businesses that make significant use of skilled labour from outside the European Economic Area (EEA) have responded following recent changes in migration policy, looking at changes in recruitment patterns, business implications and cost implications. The authors found that there is limited quantifiable evidence that business has been lost as a result of migration policy changes, but some multinationals indicated that they might relocate some functions outside the UK to areas where recruitment might be easier. The authors also note that the biggest challenge that the migration policy changes have posed is reduced flexibility in managing businesses.



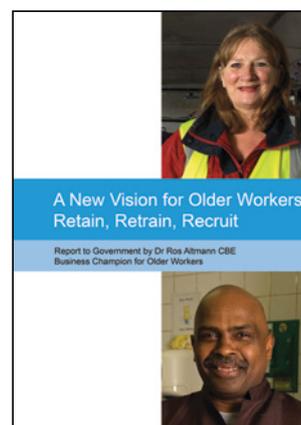
## Analysis of employee contracts that do not guarantee a minimum number of hours, Office for National Statistics (ONS)

- This document presents an analysis of the number of people in the UK employed on contracts that do not guarantee a minimum number of hours, also known as zero-hours contracts. The report finds that there were 1.8 million employed on zero-hours contracts in the UK at this time, and notes that a previous survey carried out the year before estimated the number to be 1.4 million. The authors discuss the types of people most likely to be employed on zero-hours contracts, and finds that they are most likely to be women, in full-time education, or in young or older age groups when compared with other people in employment.



### A new vision for older workers: retain, retrain, recruit, Department for Work and Pensions (DWP)

- This report reviews working in later life and notes that demographic changes, coupled with rising longevity and improved health, present major opportunities for employers to harness the benefits of taking on older staff. The authors indicate that many older people want to work longer and retire later and they outline some of the benefits older workers can bring to business, including, retention of experience, reduced skill shortages and lower staff turnover. The authors focus on the particular challenges faced by older women in terms of later life income and argue that new thinking for older workers can help overcome barriers to fuller working lives, encapsulated by the concept of three 'R's: retain, retrain, and recruit older workers.



### Pay Progression: Understanding the barriers for the lowest paid, Chartered Institute of Personnel and Development (CIPD)

- The authors of this report investigate the circumstances, attitudes and wider characteristics of households who have experienced low pay over a protracted period of time, and the barriers they face to career progression. The report finds that, for those who started the period in low pay, the likelihood of being “stuck” is strongly correlated with being female and increases with age. Other findings note that working part-time, in a small workplace, or in a low-wage industry are strongly associated with being stuck in low pay once the person has had this status for more than one year. In addition having higher qualifications, working in the public sector or in a workplace with annual pay increments are negatively associated with being stuck.



## (g) Research and Development/Innovation

### Enhancing Europe's Competitiveness Fostering Innovation-Driven Entrepreneurship in Europe, World Economic Forum

- This report provides an analysis of Europe's lagging innovation capabilities, the challenges associated with scaling entrepreneurship in the region and the conditions needed to create an enabling environment for ambitious, serial entrepreneurs. The report finds that fostering innovation-driven entrepreneurship in Europe requires a comprehensive view of the entire entrepreneurial life cycle. The report shows that when comparing the assessment of conditions between different countries and regions within Europe, Northern European countries (Denmark, Finland, Iceland, Norway and Sweden) tend to perform significantly better than the rest of the region for the stand up and start up phases. Germany, Austria and Switzerland receive the highest rating for the scale up phase while Southern Europe (defined here as Cyprus, Greece, Italy, Malta, Portugal and Spain) performs significantly worse than average.



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## Wider national and international research into skills, employment, innovation and wider labour market issues.

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### Skills and Training for a More Innovation-Intensive Economy, (National Institute of Economic and Social Research (NIESR))

- The authors of this report argue that if any new UK industrial policy aimed at encouraging more UK based firms to shift towards higher value added activities in old and new industries is to be effective in improving UK economic performance, the policy should encourage higher levels of innovation by firms. The report suggests that the policy must also encourage a sizeable number of firms who do not currently engage in innovation to start doing so.



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### Innovation and Productivity in Services, European Commission

- This paper examines the links between innovation and productivity in service enterprises. The results of the research indicate that innovation in service enterprises is linked to higher productivity and that, in the three countries analysed (Germany, UK and ROI), the strongest link between innovation and productivity was found for marketing innovations. The authors illustrate the importance of knowledge and technology transfer for successful innovation in service firms. They note that innovation in service enterprises appears positively and significantly linked to labour productivity for all types of innovation in Germany and the UK. In Ireland, this positive link was statistically significant only in the cases of process and marketing innovations.



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### Enriching Britain: culture, creativity and growth, University of Warwick

- This report highlights the contribution of the cultural and creative industries to the UK economy, and calls on these industries and the government to enable access for everyone to cultural education and the opportunity to live a creative life. The authors describe the impact of Britain's cultural and creative industries, noting that they contribute almost £77bn in value added, equivalent to 5.0% of the economy. They argue that the cultural and creative Industries are one entity, an 'ecosystem', which is becoming increasingly important to British life, the British economy, and Britain's place in the world.



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