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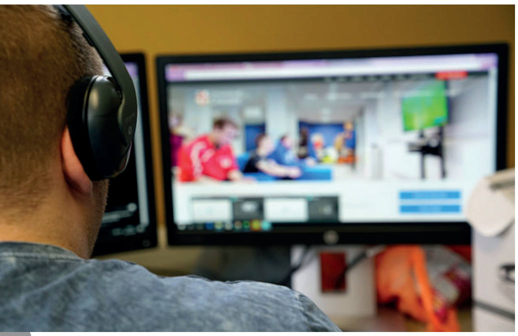

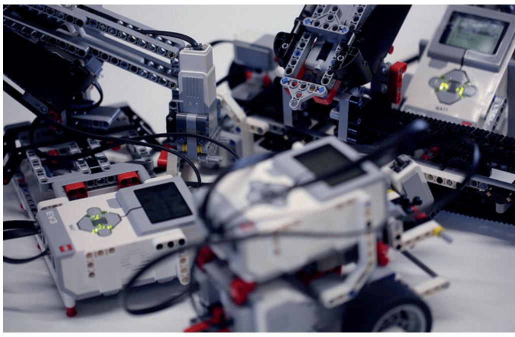

Mid Ulster

Skills Report & Action Plan 2018-2021

Comhairle Ceantair
Lár Uladh
Mid Ulster
District Council

MID ULSTER AREA SKILLS REPORT & ACTION PLAN 2018-2021

FINAL

CONTENTS

APPENDICES

List of Abbreviations

Abbreviation	Definition
A Level	Advanced Level
AMME	Advanced Manufacturing, Materials and Engineering
BITC	Business in the Community
CAD	Computer-Aided Design
CAFRE	College of Agriculture, Food and Rural Enterprise
CAM	Computer-Aided Manufacturing
CBI	Confederation of British Industry
CEC	Careers and Enterprise Company
CEIAG	Careers Education, Information, Advice and Guidance
CIPD	Chartered Institute of Personnel and Development
CITB	Construction Industry Training Board
CNC	Computer Numerical Control
DfC	Department for Communities
DfE	Department for the Economy
ETC	Engineering Training Council
EU	European Union
FDI	Foreign Direct Investment
FE	Further Education
FMB	Federation of Master Builders
FSB	Federation of Small Businesses
FTE	Full-Time Equivalent
GB	Great Britain
GCSE	General Certificate of Secondary Education
GVA	Gross Value Added
HEFCW	Higher Education Funding Council for Wales
HLAs	Higher Level Apprenticeships
HR	Human Resources
ICT	Information and Communication Technology
ISCO	International Standard Classification of Occupations
IT	Information Technology
JSA	Job Seekers Allowance
LFS	Labour Force Survey
LGDs	Local Government District
MIG	Metal Inert Gas
MS	Microsoft
MUDC	Mid Ulster District Council
NEETs	Not in Employment, Education or Training
NISCA	Northern Ireland Schools and Colleges Careers Association
NISRA	Northern Ireland Statistics and Research Agency
NRC	Northern Regional College
NUS	National Union of Students
NVQ	National Vocational Qualifications
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
PAYE	Pay-As-You-Earn
QUB	Queen's University Belfast
ROI	Republic of Ireland
SMEs	Small and Medium Sized Enterprises
STEM	Science, Technology, Engineering and Mathematics
SWC	South West College
SWOT	Strengths, Weaknesses Opportunities, Threats
TIG	Tungsten Inert Gas
UK	United Kingdom
UKCES	UK Commission for Employment and Skills
USA	United States of America
UU	Ulster University
UUEPC	Ulster University Economic Policy Centre
VAT	Value-Added Tax

EXECUTIVE SUMMARY

Introduction and Background

The Mid Ulster District Council area represents a population of more than 145,000 and it is the fastest growing new Council area in Northern Ireland (its population is expected to grow to 165,000 by 2030). The Mid-Ulster sub-region is home to over 8,000 small businesses, which is the 2nd largest concentration of small businesses outside of the Belfast Metropolitan area. With circa 700,000 people within a one-hour commute of the district boundaries, the area supports approximately 50,000 jobs, which are mainly concentrated within micro businesses and Small and Medium Sized Enterprises (SMEs)[1]. As the most entrepreneurial region in Northern Ireland[2], the Mid Ulster area contributes towards producing 7.3% of the region's total economic output (Gross Value Added is £2.075 billon).

Its business base provides the lifeblood of the local economy, whilst the skills and capabilities of its workforce are vital to its sustainability and growth. The availability of a high performing workforce, appropriately equipped to meet the current and future needs of the local industry's key sectors is therefore of vital importance.

While predictions of a changing world of work and the nature of jobs undertaken, alongside increasing technological advancements such as automation, will necessitate a medium-term focus amongst stakeholders in the Mid Ulster area on its ability to upskill and reskill the local workforces (including opportunities for adult and lifelong learning), more immediate concerns are driving a need to review the availability of skills in the Mid Ulster area. For example, the UK's vote to leave the European Union (EU) ('Brexit') is causing many businesses to think more about their future skills needs, assuming less access to migrant labour from the EU. The introduction of the Apprenticeship Levy[3] (April 2017) has also created an urgent need (amongst relevant employers) to ensure that the reforms drive quality over quantity and deliver the skills needed now and in the future.

In recognition of such issues, the Mid Ulster Skills Forum[4] offers a unique opportunity to initiate the development of a Mid-Ulster wide approach to employability and skills. This will help to match education and skills provision to meet the critical workforce needs of local employers in the Mid Ulster area.

It is hoped that the evidence collated, and the resultant Action Plan, will command broad support and will provide a strong foundation for members of the Mid Ulster Skills Forum to address the key skills challenges in the long term, across economic and political cycles.

A Changing Context

There are several macro and sector specific factors that are of relevance when considering the context within which the Action Plan has been developed and will be implemented. Typical example of macro factors include:

- **The importance of skills and accessing talent**, which will only be met if businesses have the widest pool of talent to draw on (this involves increasing employee diversity and accessing global talent).
- **Apprenticeships**, which are a key way of developing skills and are therefore a crucial part of plans for growth and improved productivity.
- **Brexit,** which represents a period of significant uncertainty and has the potential to present particular challenges for the Mid Ulster area.
- **Technological Changes/Advancements** (such as automation) are nothing new but stakeholders in the Mid Ulster area need to think, act and educate now for the economy of the future.

[1] Defined as having: fewer than 250 full time equivalent employees, an annual turnover not exceeding €50m (£35m) and/or an annual balance sheet total not exceeding €43m (£30m).
[2] In terms of business start-ups (Global Entrepreneurship Monitor Report, 2017).
[3] See Section 2.3 for further details.
[4] Which includes representation from local businesses, colleges, universities, local enterprise agencies, key sectoral business organisations, government departments and their agencies and the Council.

Mid Ulster's Platform for Growth

The considerable and growing issue of businesses within the Mid Ulster area accessing prospective employees (or the 'lack of people'), as reflected in Sections 2 and 3 of the Mid Ulster Skill Report and Action, will inevitably not be a surprise to businesses in the area - **the 'need for labour' is now**. However, this issue, coupled with the identified skills issues, should serve as a clear signal to policymakers that urgent attention is required to ensure that the growth of local businesses is not curtailed.

This is not to say that local businesses, with support from key stakeholders, do not have a role to play. They are faced with several options in terms of increasing the pool of prospective employees, such as: seeking to attract external talent to the Mid Ulster area; increasing levels of investment in labour saving technology (such as automation); encouraging more local people back into the labour market (e.g. possibly through higher wages); and/or re-locating to another jurisdiction with easier access to skilled labour.

Beyond these options, there is also a need to actively promote the development of productive, inclusive and engaging workplaces that get the best out of people, but also a need to take a much more strategic view of skills and the systems and mechanisms through which they are developed and sustained. In a period of considerable uncertainty, just focusing on the supply is not enough if businesses are to meet the huge challenges of rapid technological change, an ageing workforce, and changing cultures and expectations amongst the younger workforce. For example, businesses need to think more broadly about their own investment in developing talent and skills and how the growth of different employment models, flexi-working, contract and portfolio working may require a significant change to the ways they attract, invest in and develop people and skills in the future. The HR function within a business has a vital role to play in helping organisations to take a more strategic view of the kind of workforce they will need for the future and how they set about engaging with prospective future employers in a timely and strategic manner.

The opportunity is clear – despite these issues there is the potential to create approximately an additional 2,355 new FTE jobs by 2020/21[5] if the Action Plan that has been developed is <u>appropriately resourced, financed and implemented</u>.

The Action Plan 2018-2021

The ability to grow, attract and retain skilled labour, build resilience and adaptability in the current and future workforce is a prerequisite for future economic growth in the Mid Ulster area.

The Goal: to create a larger and stronger private sector. In order to achieve this, it will be important to have a successful skills and employment strategy, which enhances skills supply and thereby feeds the demand for well-skilled employees.

The ambition is clear: for all the residents of the Mid Ulster are to be in a position to achieve their goals through productive, fulfilling employment with skills at the heart of personal and professional development, whether entering the world of work for the first time or progressing in their careers.

Other areas face similar challenges. Some have similar strengths. Many have similar ambitions. However, the Mid Ulster area uniquely combines a realistic aspiration to be a top performing region in Northern Ireland at the same time as maintaining its position as being the most entrepreneurial region in Northern Ireland.

Similar to the Council's Economic Plan, the Strategic Priorities, Goals and Actions set out overleaf will require the development of strong partnerships and joint ventures, including strong leadership amongst businesses, using a multi-agency approach to secure and maximise resources in order for them to be fully delivered. The Mid Ulster Skills Forum will work with relevant key responsible Government Departments (e.g. DfE, DE,

[5] Please note, the ability to achieve this target is inherently linked to the outcomes of future negotiations associated with Brexit. There is a risk any policy relating to the level of free movement that is afforded to EU27 Nationals in the UK and vice versa exacerbates the situation in the Mid Ulster area.

DfC, DfI etc.) and their delivery bodies in implementing the commitments with the Action Plan. Central to this will be the Council who will act as a key enabler in the region, adopting a direct lobbying approach to become a leading strategic influencer of skills development and policy in the area.

Given the inadequate supply of applicants (or the 'lack of people'), Mid Ulster District Council, alongside other Councils in Northern Ireland, could potentially lobby the UK Government for a regional migration policy post-Brexit i.e. being able to issue work visas for Northern Ireland only rather than having to comply with a one-size fits all UK migration policy. The rationale being that Northern Ireland has a different economic profile than the rest of the UK and therefore migration policy should reflect that.

Strategic Priorities	Goals	Key Actions	Key Outcomes
1. Attract	We want to attract external talent & residents to the Mid Ulster area.	A. Improve market proposition for the Mid Ulster area B. Enhance the image of priority sectors C. Improve connectivity to, and within, the Mid Ulster area	• Larger working age population/local labour market & job creation • Improved perceptions of industry/sectors
2. Develop	We want to develop the skills businesses need to address gaps.	E. Improve careers education, information, advice and guidance (CEIAG) F. Increase quality and quantity of apprenticeships	• Improved employability skills • Enhanced professional/technical qualifications
3. Engage	We want to improve how businesses engage with key stakeholders.	G. Improve engagement with prospective employees H. Improve engagement with education providers I. Improve engagement with existing Government strategies and initiatives	• Greater volume & diversity in local labour market • Greater (and more collaborative) business/education provider
4. Retain / Sustain	We want to 'future proof' skills and capability.	J. Develop pipeline of new initiatives/incentives K. Support technological change and automation L. Support entrepreneurship/new business skills M. Reduce annual rate of staff turnover amongst businesses	• Enhanced business performance /competitiveness • Lower staff turnover rates
5. Success	We want to implement the Strategy and Action Plan and measure success in tangible	N. Continuation of the Mid Ulster Skills Forum O. Reformat sub-groups of the Mid Ulster Skills Forum P. Seek resources and finance for Strategy and Action Plan implementation	• Implementation of Strategy and the Action Plan to support the achievement of outcomes

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

Mid Ulster District Council ('the Council' or 'MUDC') has commissioned Cogent Management Consulting LLP ('Cogent' or 'the Consultancy Team') to develop a Skills Report and Action Plan for the Mid Ulster District Council area for the period 2018-2021.

The report provides a comprehensive analysis of the existing skills shortages, gaps and deficits and the future skills requirements in the Mid Ulster District Council area and identifies a solution and action plan to address these issues.

The newly formed Mid Ulster Skills Forum[6] has acted as a key driver for this initiative supported by the Council.

1.2 Background

The Council area represents a population of more than 145,000 and it is the fastest growing new Council area in Northern Ireland (its population is expected to grow to 165,000 by 2030). The Mid-Ulster sub-region is home to over 8,000 small businesses, which is the 2nd largest concentration of small businesses outside of the Belfast Metropolitan area. With circa 700,000 people within a one-hour commute of the district boundaries, the area supports approximately 50,000 jobs, which are mainly concentrated within micro businesses and Small and Medium Sized Enterprises (SMEs)[7]. As the most entrepreneurial region in Northern Ireland[8], the Mid Ulster area contributes towards producing 7.3% of the region's total economic output (Gross Value Added is £2.075 billon). Its business base provides the lifeblood of the local economy, whilst the skills and capabilities of its workforce are vital to its sustainability and growth.

The availability of a high performing workforce, appropriately equipped to meet the current and future needs of the local industry's key sectors is therefore of vital importance. From education through to industrial strategy, the skills that are developed are important both for the local economy and for providing an opportunity for individuals. While predictions of a changing world of work and the nature of jobs undertaken, alongside increasing technological advancements such as automation, will necessitate a medium-term focus amongst stakeholders in the Mid-Ulster area on its ability to upskill and reskill the local workforces (including opportunities for adult and lifelong learning), more immediate concerns are driving a need to review the availability of skills in the Mid-Ulster area. For example, the UK's vote to leave the European Union (EU) ('Brexit') is causing many businesses to think more about their future skills needs, assuming less access to migrant labour from the EU. The introduction of the Apprenticeship Levy[9] (April 2017) has also created an urgent need (amongst relevant employers) to ensure that the reforms drive quality over quantity and deliver the skills needed now and in the future.

In recognition of such issues, the Council had identified skills as one of the four Strategic Priorities in its Economic Development Plan *"Our Plan for Growth"* 2015-2020.

The Council recognises a need to build momentum to address such key labour market challenges and a desire for stronger collaboration and more effective partnership working with local employers, sectoral bodies, government departments, universities, and local schools (careers department).

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[6] Which includes representation from local businesses, colleges, universities, local enterprise agencies, key sectoral business organisations, government departments and their agencies and the Council.
[7] Defined as having: fewer than 250 full time equivalent employees, an annual turnover not exceeding €50m (£35m) and/or an annual balance sheet total not exceeding €43m (£30m).
[8] In terms of business start-ups (Global Entrepreneurship Monitor Report, 2017).
[9] See Section 2.3 for further details.

To this end, the Mid Ulster Skills Forum offers a unique opportunity to initiate the development of a Mid-Ulster wide approach to employability and skills. This will help to match education and skills provision to meet the critical workforce needs of local employers in Mid-Ulster.

1.3 The Scope of the Work

1.3.1 Overview

Following the completion of an initial piece of research undertaken during 2015 by staff within the Council, which reviewed the statistics and data that was available at that time, it was identified that much of the skills related research that had been undertaken was at a regional level, with a significant gap in information on this issue at a sub-regional level (Mid Ulster District Council area).

Recognising this issue, the Council has identified a requirement for in-depth scoping work to map the issues relevant to businesses in a number of key sectors (and emerging growth sectors) within the Mid Ulster District Council area.

The overall aim of the work is to develop a comprehensive Skills Report and Action Plan 2018-2021 for the Council area. This will require:

- Analysis of skills shortages and skills gaps, including insight into skill level differentials in the Council area;
- Analysis of both current and a future search of workforce needs, to be benchmarked against the regional position;
- A review of local economic development activities throughout the sub-region and a report highlighting the potential opportunities that may be exploited; and
- Identification of the economic gaps and opportunities that require attention.

This analysis will identify and quantify the nature of the challenges facing businesses in the Council area. A resulting Action Plan will use the sourced evidence to develop a strong foundation for members of the Mid Ulster Skills Forum to address the key skills challenges in the short/medium term. All funding opportunities should be considered and explored in full.

A more detailed 'Statement of Requirements' is set out below.

1.3.2 Statement of Requirements

The Mid Ulster Skills Report and Action Plan 2018-2021 is required to include:

1. A comprehensive Skills Report identifying skills and deficits gaps (both in skill area and skill level) across each of the following sectors in the Mid Ulster area:

   - Manufacturing & Engineering;
   - Food & Agri-Food;
   - Construction;
   - Retail;
   - IT; and
   - Hospitality.

   The Council also recognises the need to develop and support weaker or new emerging sectors with growth potential.

2. A robust and practical Skills Action Plan (2018-2021) to include a number of interventions detailing opportunities and actions, roles, responsibilities, timescales, costs and funding sources.

The Council has split the work into four key stages as follows:

<table>
<tr><td>Stage 1: Desk Research</td><td>a) Collate a detailed, robust evidence base which must be referenced from a credible source and provide an analysis of the current and future employability, qualifications and skills challenges in the short, medium and long-term within the Mid Ulster District Council area (2018-2021).
b) Collate and summarise the key support provisions for each of the sectors currently available.
c) Review the effectiveness of labour market interventions for each of the sectors within the Mid Ulster District Council area.
d) Research Government Plans, strategies and policies impacting upon each sector's employment, skills and training needs.
e) Research Best Practice examples from Northern Ireland, Great Britain (GB), Republic of Ireland (ROI), Europe and internationally.
f) Report on existing local and regional evidence that has an impact on anticipated growth and associated future skills needs across all sectors (including new emerging and weaker sectors).
g) Report on the issue of attracting and retaining employees and employers within Mid Ulster area.</td></tr>
<tr><td>Stage 2: Consultation and Engagement</td><td>a) Conduct in-depth and qualitative face to face business interviews (at a senior level) with:
• The owner or HR Manager of a minimum of 32 businesses across the MUDC area with equal representation as far as possible across Dungannon, Cookstown and Magherafelt areas (ensuring a good cross-section business sectors and different sizes of companies).
• The Chief Executives of the 3 local Enterprise Agencies (Cookstown Enterprise Centre, Dungannon Enterprise Centre and Workspace Enterprises Ltd.) and all Training Service providers across the MUDC area such as Coalisland Training Services, Network Personnel and Rutledge.
• CAFRE (Loughry Campus), South West College (SWC) and Northern Regional College (NRC).
• Government departments such Department for the Economy (DfE), Invest NI, Tourism NI and representative sectoral body organisations such as Federation of Small Businesses (FSB), Confederation of British Industry (CBI), NI Food and Drink Association, Manufacturing NI, Business in the Community (BITC), Construction Industry Training Board (CITB), Engineering Training Council (ETC), EEF, Northern Ireland Statistics and Research Agency (NISRA), Federation of Master Builders (FMB) and Food NI.
• Queen's University, Belfast (QUB) and Ulster University (UU).
b) Conduct 3 focus group meetings for career teachers/advisors from all secondary/grammar schools within the MUDC area.
c) Conduct and analyse the results of an online business survey (using survey monkey) focussing on skills and deficits gaps across the key identified sectors within Mid Ulster. The online survey to all businesses in MUDC area (using the Council's website) will require a minimum 250-300 responses.</td></tr>
<tr><td>Stage 3: Interim Skills Report & Action Plan (2018-21)</td><td>a) Report on the analysis of research regarding the provision around skills, training and employability interventions available.
b) Develop targets to increase skill levels which match the growing demand across Council's key sectors and emerging growth sectors.
c) Determine the current and future key skill gaps that exist (both in skill area and skill level) and outline the nature and level of support or intervention required and key actions needed to deliver and make substantial progress towards the identified targets.
d) Develop a robust, practical Action Plan to increase skill levels now and into the future. The Action Plan will clearly state the priorities, specific actions, targets, roles and responsibilities for partners and deliverers and implications for resources and budgets including identifying funding streams/sources.</td></tr>
<tr><td>Stage 4: Final Skills Report and Action Plan (2018-21)</td><td>a) Report being to be presented and adopted by the Mid Ulster Skills Forum and Mid Ulster District Council.
b) To formally present the findings via MS PowerPoint at a formal launch event.</td></tr>
</table>

1.4 Scope of Report and Methodology

1.4.1 Scope of Report

The scope of this report is **tightly focused on the skills needs** of businesses in the Council area, both now and in the medium-term. Whilst it necessarily touches upon jobs and economic growth, it is not an overall economic strategy for the area. This is covered by the Council's Economic Development Plan *"Our Plan for Growth"* 2015-2020.

Second, it describes an **agenda for the Mid Ulster area as a whole** rather than just for Mid Ulster District Council. This agenda will be delivered only with support from both public-sector stakeholders from across Northern Ireland and the private sector in the Council area. This said, the Council is well placed to coordinate, convene and direct other stakeholders.

Third, it seeks to identify **the priorities for action**, drawing together common themes from both existing research and research undertaken as part of this exercise into an up-to-date and integrated agenda for action.

The report has been organised around four strands of activity, namely: a review of the context in which Mid Ulster is operating; extensive data analysis looking at Mid Ulster's strengths and weaknesses; a review of Mid Ulster's relationship with the broader Northern Ireland economy; and wide consultation with the business leaders and key stakeholders within the area involved with the skills agenda. It is hoped this action plan will command broad support and serve Mid Ulster well for the long term, across economic and political cycles.

1.4.2 Methodology

In developing the Skills Report and Action Plan, the Consultancy Team undertook a variety of activities, including:

Desk Research	• A review of key strategies/policies to understand the regional and local context within which the Skills Report and Action Plan will sit including the Council's Corporate Plan, Community Plan and Economic Development Plan. • In-depth research on the external factors that are having, or have the potential to have, an impact on the anticipated growth and future skills needs across the key sectors (e.g. Brexit). • A review of existing research to examine the current and future challenges faced by each of the key sectors identified. • A review of a range of recently published data and metrics to understand the economy of the Council area and in particular its position relating to skills availability, and its performance in comparison to the rest of Northern Ireland. • An examination of existing provision and interventions that seek to: support businesses within the Council area to address their skills needs; and support individuals to become up-skilled in those areas where there are identified skills deficiencies. • In-depth research to appropriately define each of the six identified priority sectors. Please note, Appendix I provides the basis upon which each of the six priority sectors have been defined for the purposes of this report.

Consultation and Engagement	• In-depth consultations with the owners or HR Managers of businesses across the Council area (N=35), comprising forum (N=14) and non-forum members (N=21) i.e. the core research sample. • Online survey of businesses operating within the Council area (N=158). • Business consultations (N=193) have been disaggregated by sector as follows: - Manufacturing and Engineering (N=47) - Construction (N=27) - Food and Agri-food (N=10) - IT (N=9) - Retail (N=19) - Hospitality (N=20) - Other (N=61) Please note, a detailed methodology relating to the Consultancy Team's engagement with businesses is included in Appendix II. • In-depth consultations with: - Sectoral Bodies (N=10), including Manufacturing NI, FSB NI, Business in the Community, CBI, CITB, FMB, Food NI, Hospitality Ulster, Food and Drink Sector Skills NI and NI Food & Drink Association. - Government Departments (N=4), including DfE, Invest NI, Tourism NI and NISRA. - Enterprise Agencies (N=3), including Dungannon Enterprise Agency, Cookstown Enterprise Centre and Workspace, Draperstown. - Education providers (N=5) including QUB, UU, NRC, SWC and CAFRE. - Local Training providers (N=2), including Network Personnel & Rutledge Training and Recruitment. • Focus group (N=6) and in-depth consultations (N=4) with post-primary schools in the Council area.

2. A CHANGING CONTEXT

This section sets out the context within which the Action Plan has been developed (see Section 6) and will be implemented, including some of the potential implications of the UK's vote to leave the EU, as well as other broader economic trends that have relevance.

2.1 The Importance of Skills

The Government's framework for raising productivity highlights skills as one of a handful of key productivity drivers. Research undertaken by the Department for Business, Innovation and Skills (BIS) indicates that around 20% of the UK's productivity gap to France and Germany is attributable to low skill levels. In addition, the Office for National Statistics (ONS) estimates that Germany, France and the USA are each about a third more productive than the UK. Research has indicated that the gap could be partially explained by the UK's lower emphasis on technician and higher-level vocational education that combines on and off-the-job training.

There are substantial skills shortages throughout the UK. In 2015, the Employer Skills Survey, conducted by the UK Commission for Employment and Skills (UKCES), reported 209,000 vacancies which were 'hard to fill' due to applicants lacking requisite skills, and around 1.4 million employees lacking some skills to be fully proficient in their current role. The most common technical skills gaps among applicants included specialised skills, knowledge to perform the role and problem-solving skills. The most common people and personal skills gaps included customer-handling skills and time management.

Therefore, lifelong learning is a critical part of realising success in the Mid Ulster area as it will ensure that: young people will be 'work ready'; employees can develop their own talent and progress in work, and the unemployed can either move closer to the labour market or gain employment.

However, it is important to bear in mind that activity in the Mid Ulster area does not and will not operate as a silo; it is part of a wider skills system, in which national (UK) and Northern Ireland policy influences the skills and training of both young people, the unemployed and those in work.

2.2 Accessing Talent – A UK and NI Picture

Accessing appropriate talent and skills is not just an issue for businesses in the Mid Ulster area. It is one of the top three issues for 'ScaleUp' businesses throughout the UK[10], with 82% of scaleup leaders stating that they would be able to grow their company more easily if applicants had the skills needed to meet customer demand.

The ScaleUp survey found that business leaders consider the need to attract staff to join at entry-level positions and therefore to develop talent at the school and graduate level (82%) to be more important than being able to hire people from overseas who had scaled a company before (65%) or to attract large company executives to join the company (56%). The greatest talent 'pinch' was felt among companies with more than 20 employees but less than 250.

More specifically, the skills gaps that scaleups identify for their particular businesses are varied: business skills (34%), management skills (30%), technical skills (29%) and social skills (28%). Notably, only 12% of scaleups surveyed nominated finance skills as one of their top three gap areas.

More than 78% of scaleups reported apprenticeships to be beneficial in developing skills and talent in the business. Notably, scaleup leaders indicated that more work could be done in improving the availability and accessibility of these schemes as a viable career path for students. There was also a desire expressed to ensure that intended levies on these do not impact their ease of use in scaling businesses.

[10] ScaleUp Survey 2016.

Scaleup leaders believe it is critically important for the UK to remain a country open to others and able to easily recruit overseas talent. This is particularly salient given the current political and economic climate following the UK's vote to leave the EU.

The main concerns arising from scaleup business leaders centre around:

- Making it easier to hire the right people with the requisite talent and skills by having more flexible and cost-effective recruitment processes;
- Maintaining the ability to attract and retain talent from abroad – ensuring that despite the Brexit vote, it is easier to obtain overseas skilled labour; and
- Making sure that foreign students that are trained here have more ready access to job opportunities.

These views were strongly held by scaleup leaders regardless of sector or location.

At a local level, a sample of Northern Ireland businesses indicated that the key skills lacking amongst applicants included a combination of technical and practical skills and people skills such as (ordered from most to least commonly cited)[11]:

Technical and Practical Skills	• Specialist skills needed for the role; • Knowledge of how the organisation works; • Knowledge of the organisation's products and services; • Solving complex problems; • Complex numerical skills; • Basic numerical skills; and • Adapting to new equipment.
People Skills	• Ability to manage and prioritise own tasks; • Customer handling skills; • Managing or motivating other staff; • Sales skills; • Team working; • Persuading or influencing others; and • Managing their own feelings or those of others.

A key development in England that has sought to address the access to talent issue has been the creation of the Careers and Enterprise Company (CEC) in 2015, which focuses on the employability of students and developing better linkage and alignment between local entrepreneurs and business leaders with teachers and students. Similar focus is developing in other parts of the UK, for example, in Wales the Agreement on Skills and Employability between the Higher Education Funding Council for Wales (HEFCW), Universities Wales, CBI Wales and NUS (National Union of Students) Wales. The aim is to increase the employment of graduates from Welsh universities through work placements and work experience, employer approved courses and embedding employability skills across all higher education curricula.

In Northern Ireland, the Northern Ireland Schools and Colleges Careers Association (NISCA) works to enhance the quality of careers provision in schools and regional colleges, to promote dialogue with employers and employers' organisations, and to create a desire for life-long learning. Also, Careers Service NI provides a careers information, advice and guidance service throughout Northern Ireland, supporting young people (and their parents) and adults to make informed choices about their future career paths. Part of this service is the Government's 'Connect to Success NI', which is a free online portal (for employers and prospective employees) that exclusively advertises apprenticeships and school work experience opportunities.

The above challenges will only be met if businesses have the widest pool of talent to draw on. It means businesses in the Mid Ulster area must continue to increase employee diversity to unlock the potential

[11] UK Commission for Employment and Skills (UKCES) (2016) 'Employer Skills Survey'.

of the whole UK workforce. Businesses also need access to global talent to fill any skills gaps and to help them compete overseas.

2.3 Apprenticeships

Successive governments have considered apprenticeships to be a key way of developing skills, and they are therefore a crucial part of plans for growth and improved productivity. It is thought that, without government intervention, employers would not invest an economically optimal amount in training, including apprenticeships.

In Northern Ireland, an apprenticeship is a full-time paid job (a minimum of 21 contracted hours per week), available to those aged 16 or over[12]. It incorporates on and off the job training, usually on a day-release basis with a training provider. Apprentices work towards achieving vocational qualifications and essential skills qualifications (reading, writing, maths and computers), leading to a nationally recognised certificate.

Some people become an apprentice by joining a new employer, whilst others begin an apprenticeship with their existing employer. Apprenticeships take at least one year to complete and several years to reach the highest levels. They are available at various levels, depending on the requirements of the job and the apprentice's existing qualifications. The table below explains these levels in more detail.

Apprenticeship levels[13]		
Name	**Level**	**Educational equivalent**
Intermediate	2	Five GCSEs at grades A* to C
Advanced	3	Two A levels
Higher	4, 5, 6 and 7	Diplomas, certificates and degrees
of which: Degree	6 and 7	Bachelor's or master's degree

The world of work is continuing to change, and the government identified a need for higher level skills in the Northern Ireland economy. Consequently, in 2015 Higher Level Apprenticeships (HLAs) were launched (as a pilot) in partnership with local employers, further education colleges and universities. HLAs provide an opportunity for individuals to gain a degree whilst still in work.

As well as providing economic benefits, the government expects apprenticeships to add value in other ways, such as improving outcomes for young people and boosting workplace diversity.

From April 2017, employers with a pay bill of more than £3 million pay a levy to fund apprenticeships ('the apprenticeship levy'[14]). The Levy is charged at a rate of 0.5% of an employer's pay bill, whilst each employer receives an allowance of £15,000 to offset against their Levy payment[15]. At the same time, steps have been made to make it easier for employers to choose and pay for the apprenticeship training and assessment they want. Also, during April 2017, an independent and employer-led Institute for Apprenticeships was created. Its role includes regulating the quality of apprenticeships.

2.4 Brexit

Following the UK's vote to leave the EU in June 2016, the Mid Ulster area is at the beginning of a period of significant uncertainty, during which businesses and households are likely to find it more difficult to plan for the longer term. Brexit will impact businesses in the Mid Ulster area directly if restrictions are placed on their ability to access EU27 Nationals as employees. The Government has, at

[12] Terms and conditions apply if an individual is 25 years old and over e.g. there are only some apprenticeships available in specific sectors.
[13] Source: National Audit Office.
[14] Introduced by HM Revenue and Customs across the UK on 6th April 2017.
[15] There are a number of differences in the skills and training systems (and in turn the apprenticeship systems) operating across Northern Ireland, England, Scotland and Wales.

the time of writing, signalled its intention to take the UK out of the single market and the EU Customs Union alongside establishing a new immigration system. What this means, right now, is that the legal status of EU nationals and their ability to live and work in the UK is in doubt. Clearly, the outcomes of future negotiations will be vital in determining the level of free movement that is afforded to EU27 Nationals in the UK and vice versa. This is important as workers from the EU fill vital roles in a variety of sectors in the Mid Ulster area (such as manufacturing & engineering, hospitality and food & agri-food), which are vital to the area's economic growth and productivity. Overall, EU27 Nationals comprise a large proportion of the total migrant population living in the Mid Ulster area.

Although it is hard to predict the shape of the eventual settlement, Brexit has the potential to present particular challenges for the Mid Ulster area. These include:

Brexit - Potential Challenges
• Businesses may postpone investment and expenditure, which in turn will slow the growth in employment and output. Local stakeholders have limited scope to reduce this uncertainty, but they can take steps to reduce uncertainty in other areas such as skills training. • Unless the UK can secure access with limited tariffs or barriers to export markets in the EU and globally, there will be consequences for many exporting businesses in the Mid Ulster area. Reduced access to the EU Single Market is likely to affect many of the key sectors in the Mid Ulster area. If the UK leaves the Customs Union, businesses of all sizes face new costs in reorganising supply chains and managing movement across customs frontiers. A weaker sterling may increase the competitiveness of some sectors, but at the same time it will raise costs for major importers and reduce purchasing power for consumers. • The Government has sought to curb lower-skilled migration from outside the EU through changes to the points-based visa system and the closure of several unskilled visa routes. EU migrants, particularly from countries that acceded after 2004, therefore make up the bulk of incoming lower-skilled workers. Depending upon the settlement on free movement of people, restrictions on migration are likely to hit many of the largest businesses in the Mid Ulster area. Indeed, the withdrawal of mid and lower-skilled labour (in particular) may exacerbate vacancy rates in the Mid Ulster area in lower-paid sectors such as hospitality, food & agri-food and construction, given the relatively low overall rates of unemployment. Mid-skilled and lower-skilled migrants fill a range of roles in the Mid Ulster labour market, including: - Within cyclical sectors, where it is hard to generate and train a pipeline of local workers because the number of jobs varies dramatically from peak to trough e.g. construction; - Sectors where, in principle, enough Northern Ireland workers could be trained (e.g. food & agri-food), but where in practice it appears difficult to match local supply with demand; and - Lower-paid sectors, where local workers appear to be unwilling to undertake the roles e.g. hospitality. Lower-skilled immigration may be the target of new restrictions following exit from the EU. Given this, a challenge for the Mid Ulster area may be to train the low-income local population to fill roles previously filled by migrants, while continuing to secure recruitment in those areas where immigration will remain a key component of the labour force.

These challenges are not insurmountable. In this report, some ways in which Mid Ulster might seek to overcome them and develop the resilience to capitalise on new opportunities are discussed.

2.5 Global Risks

The outlook for the global economy is uncertain. Across the world, the trend towards increased flows of trade, money and people is looking less certain. The era of 'easy growth' fuelled by credit and demographics is probably over, with global economic growth set to slow by almost half, from 3.6% to 2.1%, in the next 50 years[16]. Recently, global trade growth has slowed, alongside a slowdown in leading emerging market economies (such as Brazil, Russia, China and South Africa) and subdued demand across the world. In developed economies, productivity growth has been decelerating for decades[17].

[16] McKinsey Global Institute, Turbulence Ahead, 2016.
[17] OECD, The Productivity-Inclusiveness Nexus, 2015.

Alongside widespread opposition to free trade deals, such as the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership, the World Trade Organization estimates that protectionist trade measures among the G20 are multiplying at their fastest rate since 2008[18]. National governments are experimenting with alternative economic strategies in response to these challenges.

Strained by growing inequality, the historic global economic consensus is being tested, particularly around migration and security. Global flows of people are facing new restrictions, as developed economies seek to control the scale of immigration in response to the concerns of those left behind by globalisation. In addition, forced migration from refugee crises across the world has altered these patterns substantially. Further, the recent terrorist attacks in Great Britain and other European cities mean that security risks remain front of mind.

The world will also see the continuing rise of disruptive innovation e.g. the further reach of the mobile internet, the cloud and the internet of things and the growth of advanced robotics, hydraulic fracturing, autonomous vehicles and 3D printing. Patterns of work will change dramatically too, with the rise of flexible work enabled by 'gig economy'[19] players such as Deliveroo. Economic growth driven by innovation and technology is here to stay, and regions which are well equipped to adjust to new ways of working will prosper more than others[20].

2.6 Technological Changes/Advancements

The economy is changing. That is nothing new. New technologies replace the old, new occupations and jobs are created and others disappear.

Historical perspectives provide some comfort in relation to technological progress (such as automation) and its impact on society. Research[21] suggests that, for example, automation has, over recent years, increased productivity, which reduced average prices, making goods and services more affordable and freeing up cash for other purchases, thereby promoting consumption. Demand has increased for these products and individuals' quality of life and average income subsequently increased due to automation. Automation has been good for society in general, but at a micro level there are losers and government, through policy and decision-making, need to consider the best options.

Research[22] has estimated that 35% of all jobs within the UK are highly susceptible to automation within the next 10-15 years and that lower-paid jobs in industries that are often dependent on labour from outside the UK are the most likely to be affected. There are also suggestions[23] that demand for jobs becomes more 'U-shaped' with automation, for example:

- There is demand for lower skill occupations that cannot be automated e.g. service industries such as barbers, beauticians etc.;
- Mid-level skills, such as machine operatives etc., are more easily automated and demand is relatively lower;
- Highly skilled occupations that require strategy, thought leadership, conversational skills and persuasion are not easily automated and demand is relatively higher.

Whilst jobs may be at risk due to technological progress (such as automation), others will be created, potentially in occupations created by automation that do not yet exist.

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[18] World Trade Organization, Report on G20 trade measures, June 2016.
[19] A labour market characterised by the prevalence of short-term contracts or freelance work as opposed to permanent jobs.
[20] McKinsey Global Institute, Disruptive technologies: Advances that will transform life, business, and the global economy, May 2013.
[21] Source: 2017 Knowledge Economy Report (Connect at Catalyst Inc., January 2018).
[22] Deloitte and Reform (2017) 'Citizens, Government and Business: The State of the State 2017-18'.
[23] Source: 2017 Knowledge Economy Report (Connect at Catalyst Inc., January 2018).

An inability to access skills has prompted some businesses to, wherever possible, consider investing in automation. However, this option requires significant time and substantial capital expenditure. Given the current uncertainty around Brexit, the business case for technology investment does not stack up for many businesses. For example, it would seem irrational for an indigenous large business to invest more in automation in a local plant when potentially hefty tariffs may be imposed on their EU exports and, in addition, their domestic sales may not compete against products from low wage economies, where production standards are lower. Decisions to invest in automation, therefore, involve much more than mere feasibility.

In many services sectors, the opportunity to substitute labour with technology is simply not possible. For example, there are limitations involving low-skilled jobs such as waiting or cleaning hotel rooms in the hospitality and tourism sectors. Also, 'unpredictable environments' in areas such as construction sites, medical care, hospitality, farming etc. make automation very difficult[24].

Planning for the future is key. It looks like society is on the cusp of another technological disruption, where big data, blockchain, artificial intelligence etc. change how individuals live their lives. The world is changing, and the Mid Ulster area has no control over the pace of change. This report considers how stakeholders in the Mid Ulster area need to think, act and educate now for the economy of the future.

2.7 Inward Investment Prospects

Northern Ireland's attractiveness to Foreign Direct Investment (FDI) is strongly linked to continued access to inward flows of migrant workers. The talent pool in any economy is always cited as one of the guiding factors on investment location decisions. Given Northern Ireland's acute shortage of skills at all levels, it is likely that foreign direct investors may prioritise other economies (e.g. the Republic of Ireland), where the governments are committed to improving the value proposition for foreign investors[25].

Furthermore, inward investment prospects are, like many other things, dependent on any agreements reached as part of the Brexit negotiations. For example, FDI companies with a base in Northern Ireland have reported that if they wish to invest more (in, for example, technology, automation etc.), they must compete for investment funding against their sister operations around the world. This means that for foreign-owned plants in Northern Ireland, their ability to attract funding for further investment has 'dried up', as global owners are reluctant to invest any more into their Northern Ireland operations until the Brexit outcome is established.

2.8 Trends in Skills Activity

This section summarises key aspects and trends in the skills ecosystem:

- Whilst the UK has been found to compare well on the provision of higher-level qualifications, its performance on most other indicators of qualifications or skills has been found to be *"either poor or mediocre"*[26].
- Many of the biggest challenges lie in the workplace itself. The majority of people who will be working in 2030 are already in the workforce and will be untouched by the current round of educational reforms. However, UK employers spend less on training than other major EU economies and less than the EU average.
- Whilst Northern Ireland's skills levels have been improving, other countries are moving ahead even faster. For example, the Northern Ireland skills profile remains behind many OECD[27] and European Union countries, particularly in terms of the high proportions of individuals in Northern Ireland with

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[24] Source: McKinsey (2016).
[25] CBI Northern Ireland 'Response to Migration Advisory Committee's Call For Evidence'.
[26] From 'inadequate to 'outstanding': making the UK's skills system world class (CIPD, April 2017).
[27] Organisation for Economic Co-operation and Development.

low or no qualifications. Improving the skills and employability of those who face the greatest barriers to accessing the labour market remains a priority so that all can share in the benefits of growth[28]. The task is to:

- Equip all people with the education and skills that will allow them to achieve their full potential;
- Ensure that Northern Ireland has a skills pipeline that meets, and responds in an agile way to, the changing demands of business and the economy; and
- Support those who need help to access the skills that will help them compete for employment opportunities.

- The Northern Ireland Skills Barometer[29] is considered to be a valuable tool to help understand the Northern Ireland skills landscape and to identify growth sectors, skills shortages and future skills needs. This and other research points to the importance of developing Northern Ireland's skills base and the employability of its people and, in particular, the importance of skills in Science, Technology, Engineering and Mathematics (STEM).
- The Department of Education (DE) and DfE work closely together on cross-cutting issues related to the education and training provision for 14 to 19-year olds. They share a common focus on young people having access to the right courses; on quality teaching and learning; on careers provision; on helping young people avoid being part of the not in employment, education or training (NEETs) statistics and STEM. Both Departments are determined to enhance the contribution of schools, further education, higher education and training to the development of the local economy.

2.9 Sector Specific Considerations[30]

2.9.1 Manufacturing and Engineering

Across Northern Ireland, the manufacturing and engineering sector has been in long-term decline as the service sector has grown. However, in the Mid Ulster area, it still accounts for 21% (10,740 employee jobs) of employment and is highly productive, representing 17% of Northern Ireland's manufacturing GVA (in 2015). The sector is of profound importance to the area's economy – especially in key specialisms such as the manufacture of mining and quarrying machinery, production of general and special purpose machinery etc., which have linkages and supply chain associations with the construction and food & agri-food sectors. For instance, 40% of world's mobile crushing and screening equipment is made in the Mid Ulster area.

Key challenges and priorities facing the sector across Northern Ireland include:

- In terms of the skills profile, the sector relies on a strong foundation in the basic numeracy and literacy, management and STEM skills. However, the sector also needs more high-level and technical skills e.g. interpersonal/communication skills, problem-solving and commercial acumen etc.
- The increasing use of design packages and bespoke software in the manufacturing process is also requiring greater 'IT literacy' and skills in utilising specific computer-aided design (CAD)/computer-aided manufacturing (CAM) and computer numerical control (CNC) machining software. 'Smart factories' of the future will require workers with the relevant production and IT 'know-how'. The general shift to shorter, more tailored production runs, driven by both customer demand and the availability of more flexible production technology, is also increasing demand for design skills.
- Within the manufacturing and engineering sector as a whole, there is a marked difference between the Advanced Manufacturing, Materials and Engineering (AMME) subsector and other subsectors, particularly in the distribution of skills levels amongst the workforce.
- In the absence of disruptive innovations and exogenous shocks, it appears that the manufacturing and engineering sector might continue to provide employment opportunities across all skill levels, although the AMME subsector is likely to have a growing need at skill level 4+[31]. The skills system, therefore, needs to serve this plurality of skills needs.

[28] 'Economy 2030': Industrial Strategy for Northern Ireland (DfE, January 2017).
[29] Ulster University Economic Policy Centre (UUEPC) and DfE (June 2017).
[30] Where appropriate, this section draws upon the key findings, and definitions for each sector, as set out in Appendices I and II.
[31] Please see Appendix III for the Qualifications Framework.

Yet once more, management and leadership skills will be critical to helping ‘the makers’ flourish – especially against the background of innovation, digitalisation and technological change/advancement. As international competition intensifies, so does the pressure on local businesses to perform and to innovate.

2.9.2 *Food & Agri-Food*

The production and processing of food plays a critical role in the Northern Ireland and Mid Ulster area economies. The sector creates 2.2% of Northern Ireland’s GVA[32] and accounts for 3,379 employee jobs (7% of employment) in the Mid Ulster area. The sector also makes a significant contribution to jobs and wealth creation throughout the local economy through its purchase of goods and services such as transport, packaging and engineering. Businesses range from small-scale family-owned and locally focused businesses, to larger firms serving the domestic, national and international retail and foodservice markets and seeking to expand further internationally.

Despite the above, there is a recognised shortage of appropriate skills within Northern Ireland to serve the food & agri-food sector, with the future success of the sector requiring greater investment in innovation and skills.

Key challenges and priorities facing the sector across Northern Ireland include:

- A poor perception of the industry, lack of understanding of agriculture and food production, lack of awareness of the career options, and difficulty in recruiting graduates, particularly those with scientific and technical skills. The sector must become an attractive career option - from semi-skilled to technical to business management, with opportunities for graduate talent.
- Management and leadership training must be enhanced, and industry must increase their uptake of the support on offer.
- There is a need for business skills in the industry, both at primary and processing levels - cost analysis, commercial viability, and application of technical skills.
- A lack of marketing skills and failure to appreciate the need to meet or exceed customer expectations, throughout the supply chain.
- The need to better harness the fresh talent at FE Colleges, universities and CAFRE, through apprenticeships opportunities, both on-farm, in the factory and in skilled occupations such as the bakery sector.
- Like many other industries, the sector also faces the challenges of dealing with rising energy and other input costs, securing affordable finance from lenders, upskilling its workforce and competing on price and quality of products and produce.
- Introducing food into the education curriculum at pre-school, primary and secondary level was recently suggested by the Agri-food Strategy Board[33] to be an approach that could enhance the understanding of agriculture and food. It also suggested examining the scope for development of primary and secondary level curriculum-based training in agriculture and food to GCSE exam level.

The Northern Ireland Government has prioritised the food & agri-food industry for development, and with its support, the sector can capitalise on the clear opportunities available and overcome the barriers to growth.

2.9.3 *Construction*

The construction sector is a major component of the economy in the Mid Ulster area economy, with a workforce of over 4,425, many of whom are working outside of the area. There are around 1,340 construction businesses, with the overwhelming majority being micro-sized companies with less than 10 employees.

[32] Source: ‘Agri-Food Horizon Panel Report’ (MATRIX, 2008).
[33] ‘Going for Growth: A Strategic Action Plan in Support of the Northern Ireland Food Industry’ (Agri-Food Strategy Board, 2013).

Key challenges and priorities facing the sector across Northern Ireland include:

- *A steady supply of talent* - The image of the construction sector has long been a barrier to attracting young people, many of whom associate the industry with insecurity, difficult working conditions and low pay. The pool of people employed in the industry younger than 25 years old has shrunk significantly over the past decade. The sector is stereotyped as being male and working class. However, the construction sector offers a wide variety of roles in trades and professions and clear progression paths. Nonetheless, this is rarely showcased and there is not a coordinated approach to debunking misperceptions or promoting the positive aspects of working in the sector.
- *Boom and Bust:* More so than in most other sectors, the construction sector has historically endured a boom and bust cycle that many in the industry accept as an intractable issue. This cyclical nature means that companies may adopt short-term horizons that makes investing in people a difficult choice. It is likely that no single solution is likely to solve this problem but nonetheless actions should be identified and implemented with the intention of mitigating the negative effects of boom and bust.
- *Migration*: Migration is a further area of concern for the sector, especially given the uncertainty associated with the Brexit negotiations.
- *Improving Training Provision*: The provision of training needs to be of the quantity, quality and type to match any forecasted need for skills in the sector. This includes the training made available to the current workforce, as well as the training of new entrants for the sector. Barriers to achieving this include the capacity and resources of businesses (the majority of which are small or micro businesses) to upskill their workforce, the ability of training providers to recruit teachers and lecturers of a high quality and the matching of training to the ever-changing needs of the sector resulting from such factors as the introduction of new methods and technology. In order to help mitigate the effects of the cyclical nature of the industry, the provision of training that looks to provide a workforce with the skillset and flexibility to move between sectors is also desirable.
- *Business models*: The sector's existing business models, low margins and fragmented supply chains do not encourage firms to invest and innovate. There are opportunities to unlock the industry's technical knowledge and vision to help deliver the solutions needed while collaborating with key actors in the sector such as the government's Construction Leadership Council.

The skills system needs to support the construction sector through developing skills across the different levels, working closely with employers to ensure mismatches are minimised and that training content matches need. Once more, this activity needs to be shaped by the understanding that advanced technical skills at higher levels (level 4+) are likely to increasingly shape the construction industry.

2.9.4 Retail

The retail sector comprises the largest sector of the private economy in Northern Ireland. It is not surprising, therefore, that retail is identified as an important factor contributing to local economies. However, the sector is polarised with a concentration of large multiple retailers at one extreme and, at the other, a large majority of small businesses.

Key challenges and priorities facing the sector across Northern Ireland include:

- Employers face considerable challenges in that, retail employs the highest proportion of part-time workers, suffers a higher than average staff turnover, and has a poor image as a career destination, particularly for well-qualified employees. Indeed, retailing has traditionally been 'trapped in a low skills, low pay equilibrium'[34].
- While independent retailers greatly outnumber the multiples, they are economically weak in comparison with the efficiency and productivity generated by the large corporate chains. As a result, the independent sector has steadily declined in contrast with the rising dominance of a few large multiples, particularly in sectors such as food. An associated impact is a decline in specialist skills, profitability and increased costs for independents due to this greater competition.
- Furthermore, developing technology has driven efficiency within retail operations; within stores, supply chains and in more recent sales channels such as the Internet. This has been mainly exploited by the larger multiples, as smaller independents often lack the resources, economies of scale and the skills to keep up with new technology.

[34] Skillsmart Retail, 2004.

- For the retail industry, replacement demand i.e. the labour required to replace those leaving the industry is typically much higher than the labour required to meet expansion. However, the need to match labour with daily and weekly trading peaks in retail has encouraged a more flexible, efficient staffing approach using part-time employment. Not surprisingly, part-time work typically attracts a greater proportion of 'returners' to the retail workforce and therefore a higher ratio of female: male employees.
- Sales and customer services underpin the retail sector and not surprisingly these occupations account for the majority of employment within retail. While management occupations comprise the second largest occupational group in retail, it is a much smaller proportion of the workforce than in other sectors. Undoubtedly, this occupational structure affects the qualification/skills profile and quality of entrants into the retail sector. The nature of retail sales occupations has traditionally demanded low-level skills. As a result, retail employs a relatively high proportion of workers with lower than average levels of qualification attainment. A key implication of low skills is lower pay, which in turn can greatly influence the attraction, recruitment and labour turnover in retail.
- New technology requires workers to have up-to-date IT skills, which can be a challenge for older workers who are less likely to have good IT skills than younger workers.
- The retail industry in Northern Ireland needs to raise and enhance the image of the sector, to identify the skills sets for specific roles, and to clarify the retail qualifications and training required for delivering these. This means presenting retail as an attractive and promising career to those who may be overlooking it in favour of other options. To continue to attract younger workers, the opportunity to use and develop technology-based skills and knowledge within a retail career should be promoted. The range of potential career options at higher levels and in management roles should also be promoted to undergraduates and graduates through universities and careers intermediaries.

2.9.5 IT

The Northern Ireland IT sector comprises over 1,300 businesses and has a strength in its software engineering expertise, along with clusters in mobile telecoms, financial software, information management, cyber security and connected health. The sector employs around 15,000 people, the majority (75%+) of which are employed in computer programming and consultancy. The median earnings for IT specialists in Northern Ireland is well above the region's average salary, whilst IT companies typically pay better than average wages.

However, in the Mid Ulster area, the sector accounts for less than 1% (233 employee jobs) of employment, who are employed by 62 businesses (representing 1% of the business base within the Council area).

Key challenges and priorities facing the sector across Northern Ireland include:

- The pace of digital change makes predicting the future difficult, but there are a number of trends that are driving innovation and development in the Northern Ireland IT sector. For example, as the capabilities of computers expand beyond routine work, tasks that were once considered too complex for automation will be converted into well-defined problems capable of digital solutions. Exponential growth in computing power, combined with a dramatic reduction in cost, has seen computer technologies transform the workplace, displacing labour from some jobs but also creating new types of work that call for different skills. Jobs and skillsets that barely existed five years ago, such as iOS/Android developer, data scientist, cloud services specialist, big data architect, will experience an increase in demand by businesses.
- There are specific challenges to growing the IT sector in Northern Ireland, including, *inter alia*, the supply of skilled, committed and passionate talent. Leading countries have a strong focus on education and training, drawing on a tech-savvy workforce with exemplary project management and system integration strengths. However, while Northern Ireland has a particular strength in the calibre of its software engineers, it has a weakness in the quantity of talent that is available to support the growth of the ICT sector.
- An undersupply in STEM-related subjects is a consistent finding across skills research for many years now. There are a number of reasons for this finding, not least because sectors such as IT have significant growth potential and the skills are in demand across a wide range of sectors and occupations. However, a further reason could be that ICT is amongst a relatively small number of occupations that require a qualification in a relevant subject discipline. This places greater significance on the volume of qualifications being achieved in these subjects on an annual basis relative to other subject areas.
- Furthermore, the continuing decline in females entering the IT profession is a real threat for Northern Ireland (as it is throughout the UK) and an issue that needs to be addressed. Doubtless the continued poor

representation of women within the IT workforce is an inevitable waste of valuable potential resource and, as such, is an issue which warrants further examination by the government.
- Talent production needs to accelerate past addressing the current shortfall to drive growth, rather than maintain the status quo. In addition, a digitally talented and capable workforce will drive the whole economy, not just the IT sector. The attraction of talent from outside of Northern Ireland offers a major opportunity to address the talent gap and introduce a diversity of talent and skills that other regions thrive on to progress.

2.9.6 *Hospitality*

While the hospitality sector in Northern Ireland faces a range of unique challenges (e.g. uncertainty associated with Brexit and the recent introduction of the National Living Wage), encouragingly, the trajectory of growth remains upwards. Across Northern Ireland, the hospitality sector is, at the time of writing, enjoying the benefit of a more competitive exchange rate, along with a significant increase in investment in the hotels sector. In the Mid Ulster area, the sector accounts for 6% (2,968 employee jobs) of employment, with the food and drink component of the sector (pubs, restaurants etc.) being a key contributor.

Key challenges and priorities facing the sector across Northern Ireland include:

- The sector also has a prominent role in the local economy, supporting tourism, attracting investment and contributing to overall quality of life. It has a strong part-time working representation in its labour force (on average, nearly two-thirds of all jobs within hospitality are part-time) – offering flexible working and opportunities for youth employment and employment for those attempting to re-engage with the labour market.
- The biggest challenges facing businesses in the sector are the supply and retention of talent across all levels of their business, along with the high reliance on EU nationals, who represent between 12% to 24% of the current workforce. The sector already struggles to recruit, with particular challenges in recruiting chefs, other kitchen staff, housekeeping and front of house staff, which are among the roles with the highest proportion of EU migrant workers.
- Consequently, the sector is likely to be more significantly impacted by any change in the availability of EU labour than other sectors which rely less heavily on EU nationals. The hospitality sector is also associated with high levels of staff turnover - each year it loses and has to recruit a large number of people relative to its total employment.
- It is estimated that the high levels of staff turnover, coupled with projected employment growth in the sector, will generate a significant labour market requirement for workers from outside the sector. This figure will increase over time as the total employment in the sector grows. This recruitment need is currently filled with a combination of:

  - UK workers previously unemployed or inactive;
  - UK workers moving from other sectors;
  - EU nationals; and
  - Rest of the world nationals.

- However, assuming the continuation of current levels of recruitment from UK and rest of world migrant workforce, restrictions to new EU migrants entering the UK for work in the sector will likely generate a recruitment gap, which will have a cumulative impact on the UK hospitality sector over time.

- The hospitality sector faces challenges in recruiting enough workers, particularly in specific roles. Key reasons for this include:

  - A lack of willingness by job seekers to work in the sector due to: careers not being seen as viable in the long-term - roles are often seen as short-term and temporary and primarily aimed at young people/students; roles are perceived to be low-paid and high-effort; seasonal work and shift patterns in the industry are not desired by UK workers; and a lack of knowledge about career progression and opportunities within the hospitality industry.
  - A lack of necessary skills - chefs and front of house staff are the two most frequently cited hard-to-fill roles in the sector.
  - Overall labour market conditions in the context of low unemployment.

3. MID ULSTER'S PLATFORM FOR GROWTH

This section sets out the Consultancy Team's understanding of the economy of the Mid Ulster area and in particular, its position relating to skills availability, and its performance in comparison to the rest of Northern Ireland.

It draws together a wide range of data (demographic, economic, supply and demand of skills) and the findings from the primary research in order to paint a detailed picture of the labour market and skills need in the Mid Ulster area. Please note, detailed findings are included in Appendices I and II.

3.1 Mid Ulster's Economic Performance

Located in the heart of Northern Ireland, the Mid Ulster area has been at the forefront of industrial and entrepreneurial development. The reputation of the area in the fields of manufacturing, engineering and food sectors is well known, and where other regions have seen manufacturing decline, the area has worked hard to retain and attract such industries into the area and has been successful in this endeavour.

The economic performance of the Mid Ulster area has been driven by a set of complementary strengths, which, in combination, delineate its unique position in Northern Ireland economy. Given the preceding analysis of the changing context - and in particular, the vote to leave the EU - the Consultancy Team is of the view that the need for each of these strengths has the potential to become more, not less, significant in the future. Therefore, the skills priorities that have been set out for the area begin with sustaining and developing these platforms for growth:

- Mid Ulster (incorporating the former council areas of Cookstown, Dungannon and South Tyrone and Magherafelt) possesses the second largest business base outside of Belfast[35].
- Strategically located, the Mid Ulster area has a widely acknowledged strong, diverse and dynamic business base, together with an educated and entrepreneurial workforce.
- It has the 2nd lowest claimant count in the region at 1.3%[36].
- The Gross Value Added (GVA) is £2.075 billon, the 4th highest in the region in 2014, producing 7.3% of the region's total economic output.
- The area population of 145,000 is the fastest growing new Council area.
- Total workforce - 91,711 of working age (aged 16-64).
- 700,000 people within a one-hour commute of the district boundaries.
- Circa 11,000 people employed in circa 600 manufacturing & engineering businesses in Mid Ulster area.
- 40% of world's mobile crushing and screening equipment is made in the Mid Ulster area.

3.2 Business Start-Up v Business Scale-Up

It should be noted that while regions with strong entrepreneurial foundations grow faster, they do so not through continual replication of small businesses but rather through retaining employment growth in those establishments that ultimately become large[37]. Therefore, the Mid Ulster area needs to be an attractive place not only to start new businesses up but also to scale them up. This is reflected in the recent Scale-Up Report on UK Economic Growth, an independent report to the government[38].

Scale-up companies, such as those present in the Mid Ulster area, can be major contributors to local economies, especially with regards to acting as role models and inspiring others. Scale-up companies can have a particularly dynamic effect on local ecosystems when they are clustered together, buying goods and services from each other, attracting and developing talented people and building networks with the local ecosystem.

[35] Circa 8,245 businesses, which represents 12% (N=70,060) of the regional total.
[36] NISRA (2017) 'Northern Ireland Labour Market Report March 2017'.
[37] See, for example, Glaeser, Kerr & Kerr, Entrepreneurship and urban growth; An Empirical Assessment with Historical Mines, NBER Working Paper No. 18333, August 2012.
[38] Coutu, Sherry, The Scale-Up Report on UK Economic Growth, November 2014.

However, scale-ups businesses report problems accessing talent and recruiting people with appropriate skills, with skills shortages being cited as the most significant issue.

The Mid Ulster area needs sufficient numbers of people who have the right skills. This requires action by both business and government. There are some short-term 'fixes' required and some long-term 'fixes', which fall primarily to the government to address. For example, young people should be made aware of the skills they need for the jobs that will be available to them when they are finished with full-time formal education, whilst career opportunities should be promoted to those who are employed and unemployed (including this categorised as students).

3.3 Mid Ulster's Business and Employee Profile

There are circa 8,245 VAT and/or PAYE registered businesses within the Mid Ulster area. These businesses represented 12% the total number of registered businesses within Northern Ireland and the area has the second largest business base outside of the Belfast Metropolitan area.

- Four-fifths (80%) of the businesses within the Mid Ulster area are operating within the six identified priority sectors.
- The Mid Ulster area has a relatively high concentration of Food & Agri-Food businesses (38%) compared to Northern Ireland as a whole (26%).
- The area also has higher proportions of Construction (16% versus 13%) and Manufacturing & (7% versus 6%) businesses when compared to Northern Ireland as a whole.
- The manufacturing & engineering sector within the Mid Ulster area has strong specialisms in the production of general and special purpose machinery, along with the manufacture of products which directly supply the construction and agricultural sectors. It was also noted that the manufacture and wholesale of produce, which falls within the broader Food & Agri-Food sector, are concentrated in the Council area.
- It was also suggested that, in addition to the portfolio of companies in the quarrying and construction sectors (including those companies specialising in the manufacture of mining and quarrying machinery), food manufacture and the agri-food business is also well represented in the area.
- Employment specialisms within the Council area are strongly associated with the most prominent employing sectors in the economy, namely supplying bespoke machinery for the manufacturing and construction sectors.

The Consultancy Team's primary research with businesses indicates that most of the businesses are headquartered in the Mid Ulster area, which is broadly reflective of the area's largely indigenous business base (with a small cohort of FDI businesses).

Whilst there is a proportionately lower rate of business start-ups within the Mid Ulster area[39], those businesses which do start-up tend to be more sustainable, resulting in a lower business death rate than in most other Northern Ireland LGDs.

Over the period 2012/13 to 2016/17, there was a range of activity in the Mid Ulster area that was supported by Invest NI. For example:

- 798 unique businesses within the Mid Ulster area received 3,061 offers of support from Invest NI, including 780 (98%) businesses that were locally owned.
- The value of the support provided by Invest NI (£68.31m) contributed towards leveraging further investments totalling £362.56m, including £46.78m from externally-owned businesses into the Mid Ulster area.

As of 2016, the total employee jobs within the Mid Ulster area equated to 52,372, which represented 7% of the total employee jobs in Northern Ireland. The area is, vis-à-vis the Northern Ireland average, less dependent on the public sector for its employee jobs.

[39] The 'birth rate' (i.e. the number of business births as a proportion of the total number of active enterprises) in the area was 9.3%, which was lower than the overall business birth rate of 10.2% for Northern Ireland.

In 2015, nearly two-thirds (63%) of the employee jobs in the Mid Ulster area were in the six identified priority sectors, as illustrated below:

Employee Jobs (2015) by Sector and Gender[40]							
Sector		**Mid Ulster area**					
		Male		**Female**		**Total**	
		No.	**%**	**No.**	**%**	**No.**	**%**
Priority Sectors							
Manufacturing & Engineering		8,869	83%	1,871	17%	**10,740**	**21%**
Retail		4,675	47%	5,260	53%	**9,935**	**20%**
Construction		3,826	86%	599	14%	**4,425**	**9%**
Food & Agri-Food	*Agriculture*	*41*	*79%*	*11*	*21%*	***52***	***<1%***
	Food Manufacturing	*2,324*	*70%*	*1,002*	*30%*	***3,326***	***7%***
	Subtotal	**2,365**	**70%**	**1,013**	**30%**	**3,379**	**7%**
Hospitality		1,138	38%	1,830	62%	**2,968**	**6%**
IT		150	64%	83	36%	**233**	**<1%**
Subtotal Priority Sectors		***21,024***	***66%***	***10,656***	***34%***	***31,680***	***63%***
'Other' Sectors		**6,070**	**33%**	**12,406**	**67%**	**18,476**	**37%**
Total Employee Jobs		**27,094**	**54%**	**23,062**	**46%**	**50,156**	**100%**

Key points to note include:

- Nearly two-thirds (63%) of the employee jobs in the Mid Ulster area were in the six identified priority sectors. The area has, vis-à-vis the Northern Ireland average (43%), a higher dependence on these priority sectors for its employee jobs.
- The dependence on these sectors is particularly pronounced within the manufacturing & engineering and retail sectors, whereby over a fifth (21% & 20% respectively) of the employee jobs in the Council area are within these sectors (compared to 9% and 17% respectively of all employee jobs at a Northern Ireland level).
- The Mid Ulster area is, vis-à-vis the Northern Ireland average (of 8% and 2% respectively), less dependent on the hospitality (6% of jobs) and IT (less than 1%) sectors for its employee jobs.
- Two-thirds (66%) of employee jobs within the six priority sectors are held by males. The gender imbalance is more pronounced in some sectors than others. For example, less than a third (<33%) of the employee jobs in the construction, manufacturing & engineering and food & agri-food sectors are held by females. The clear gender imbalance perhaps points to some potential solutions to address some of the skills issues faced by businesses in the area.
- Full-time workers in the Mid Ulster area also earn nearly a fifth (16%) less per week than an equivalent worker elsewhere in Northern Ireland.

3.4 Availability of Skilled Labour (at Present and in Future)

Mid Ulster District Council is, in population terms, the sixth largest local government district (LGD) in Northern Ireland. In recent years, the Mid Ulster area has demonstrated the fastest population growth of the 11 LGDs, which has largely been driven by strong natural increases (i.e. number of births well in excess of number of deaths) and consistent net inflows of migration. However, the uncertainty associated with Brexit is likely to impact on future levels of net inward migration into the area. In contrast to the net inward migration experienced over the last decade, there is projected to be consistent net out-migration between 2015 and 2020 based on a subdued labour market.

[40] Source: NISRA Business Register and Employment Survey (BRES) 2015. Please note, the sample sizes in the 2016 BRES were too small to enable sectoral analysis. Further details are included in Appendix II.

There is a greater proportion of children (aged 0-15 years old) within the Mid Ulster area (23.1%) than the average for Northern Ireland (20.9%). This relatively larger share of people aged below 16 years old provides some indication that the area may potentially have a larger supply of future labour to draw on.

The performance of the labour market in the Mid Ulster area has, relative to Northern Ireland averages, been historically strong. For example:

- Greater proportions of the working age population within the Mid Ulster area are, in comparison to Northern Ireland averages, economically active (76.0% versus 74.0%) and in employment[41] (72.9% versus 69.3%). This provides some indication that the labour market in the Mid Ulster area is, to a greater extent than the Northern Ireland average, operating more efficiently with minimal excess supply.
- As per the latest Labour Force Survey (LFS)[42], just 3.1% of the working age population is unemployed versus 4.7% across Northern Ireland.
- As of early 2017, there was a marked difference between employment levels amongst males and females in the Mid Ulster area. For example, over four-fifths (82.4%) of males of working age were in employment, compared to just two-thirds (59.9%) of females. This provides some indication that there is potential to support more females to move from economic inactivity and unemployment into employment within the Council area.
- Nearly a quarter (24%) of the working age population in the Mid Ulster area is categorised as being economically inactive. As is the case throughout the UK as a whole, there will always be individuals within labour market classified as economically inactive at a given point in time (e.g. students, early retirees etc.). Notwithstanding this, the proportion of the working age population in the Mid Ulster area that is classified as economically inactive (24.0%) remains higher than the UK average rate of 21.5%. **There is, therefore, the potential for a proportion of those who are not seeking a job and/or indicate that they do not want a job to be encouraged to move into the active labour market[43].**
- Claimant count data provides details on the number of people claiming Jobseeker's Allowance (JSA) benefits from Jobs and Benefits offices. As of November 2017, the Jobs and Benefits Offices within the Mid Ulster area recorded that there were 1,310 claimants of JSA benefits. This equates to circa 1.5% of the working age (16-64) population (89,000) in the Mid Ulster area, which is over one percentage point lower than the Northern Ireland average.
- The short-term claimants (of which there were just 1,010 in the Mid Ulster area) represent the more likely pool of candidates to fill existing and arising employment vacancies than the long-term claimants.

Discussion with NISRA indicates that the number of vacancies that are notified and added in Department for Communities (DfC) job centres/jobs and benefits offices is one measure of estimating the demand for labour in a given area[44].

Analysis of data relating to employment vacancies indicates that, in the 2016/17 fiscal year, there were 4,743 vacancies notified and added in job centres/jobs and benefits throughout the Mid Ulster area. This equates to a 32% uplift in the number of notified employment vacancies when compared to the previous year. Of note:

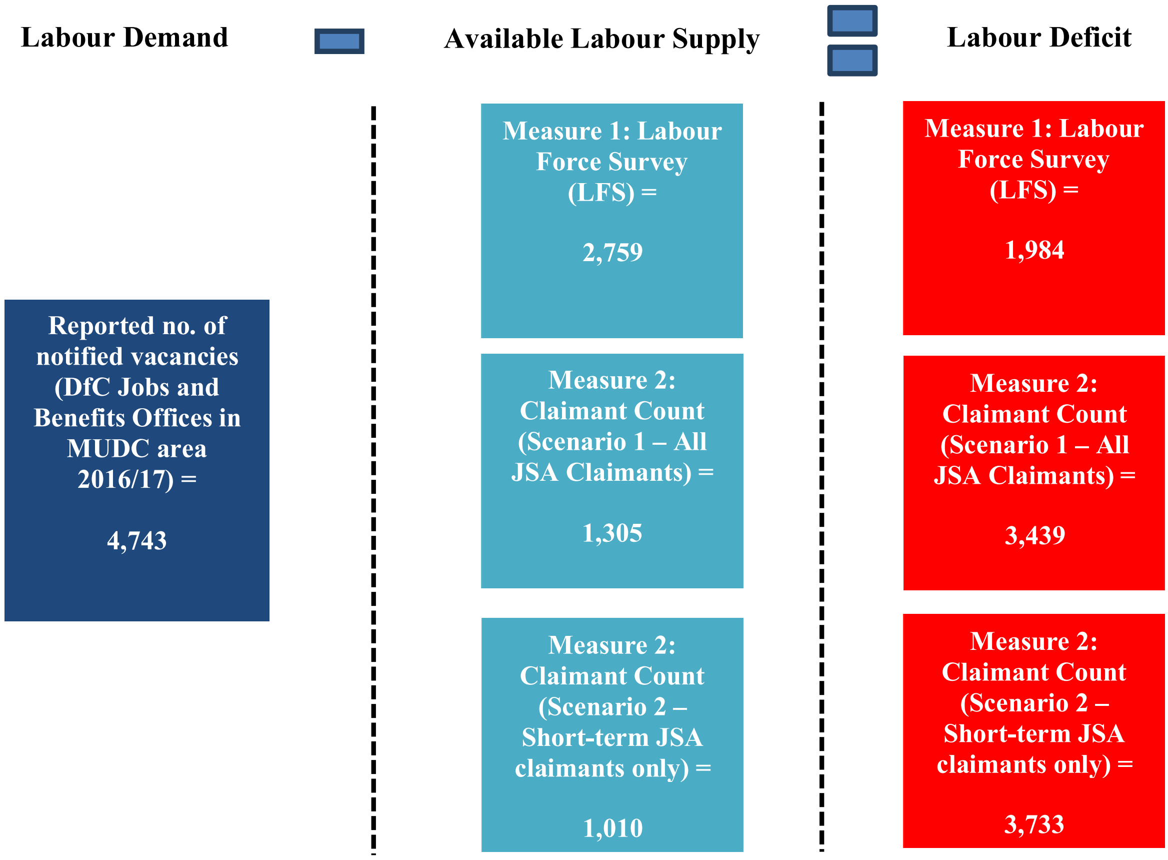
- Over a fifth (21%) of the notified vacancies were for Elementary Occupations, whilst a similar proportion (18%) were for 'Skilled Trades'. A further 13% were for 'Process, Plant and Machine Operatives'.

[41] Those (aged over 16 years old) who undertook some paid work in the reference week of the survey (either as an employee or self-employed); those participating in government training and employment programmes; and those doing unpaid family work.
[42] Further details are included in Appendix I.
[43] For example, the Northern Ireland Economic Inactivity Strategy (further details of which are included in Appendix I) focuses on the forms of economic inactivity which are caused when an individual's particular personal circumstances, often combined with various structural issues, geographical nuances and economic conditions, restrict their access to the labour market.
[44] However, according to NISRA, this only represents a minimum position, as it does not represent the total 'unmet demand' for staff by employers in Northern Ireland (i.e. it is solely those vacant positions that employers notify to DfC).

- Nearly a fifth (18%) of the notified vacancies were in the 'Other Service Activities' sector, whilst similar proportions were in the 'Wholesale and Retail' and 'Manufacturing' sectors (17% and 15% respectively). A further 10% were in the 'construction' sector.

Based on the preceding analysis (and that included in Appendix I), the Consultancy Team has estimated that there is, at the time of writing, a **deficit of available skilled labour within the Mid Ulster area**. This is depicted in the diagram below:

Figure 3.1: Estimated Labour Deficit in the Mid Ulster area



Key points to note include:

- Depending on which measure is used (i.e. the LFS or claimant count data), it is estimated that the pool of available labour within the Mid Ulster area ranges from 1,010 to 2,759 individuals.
- However, given that there are, as a minimum, 4,743 job vacancies to be filled, there is a resultant **deficit of available labour within the Mid Ulster area,** estimated to range from 1,984 (if the LFS measure of unemployed is adopted) to 3,733 (if only short-term claimants of JSA are considered) individuals.
- Given that the measure of labour demand is solely those vacant positions that employers notify to DfC[45], there is potential that the actual 'unmet demand' for labour within the Mid Ulster area is in excess of 4,743 stated above. Such a scenario would **exacerbate this calculated labour deficit**.
- Conserve to the above point, as previously stated there is potential for a proportion of those who are classified as economically inactive to be encouraged to move into the active labour market. Such a scenario would potentially increase the labour supply in the Mid Ulster area and contribute towards reducing the labour deficit.
- The key finding seems to be that **employers within the Mid Ulster area are likely to be experiencing issues accessing prospective employees**, given this deficit in the local labour market. Therefore, in the absence of significant net inflows of human resources into the area, any

[45] According to NISRA, it does not represent the total 'unmet demand' for staff by employers in Northern Ireland.

initiatives/interventions taken forward as part of this Skills Strategy and Action Plan should, in the first instance, **seek to attract external talent and residents to the Mid Ulster area.**

3.5 Education and Skills (at Present and in Future)

When seeking to improve employability and productivity within the workforce, it is important to develop skills at all levels. Improving the skill sets of those with no formal qualifications enhances employability prospects, whilst also addressing associated issues such as poverty and social exclusion.

As of March 2017[46], the proportion of the working age population in the Mid Ulster area with:

- No qualifications (16.3%) was marginally higher than the average rate across Northern Ireland (16.0%); and
- Qualifications of National Vocational Qualifications (NVQ) level 4 or above was 30.2%, which was marginally lower than the Northern Ireland average (32.5%).

Interestingly, despite the below average performance at both ends of the education spectrum, recent education publications (2015/16)[47] have shown that school leavers within the Mid Ulster area are performing at a level above the Northern Ireland average attainment. For example:

- At the GCSE qualification level, 85.4% of school leavers in the Mid Ulster area (N=1,882) attained at least 5 GCSE grades A* to C, compared with a rate of 81.7% across Northern Ireland as a whole.
- In addition, 58.4% of school leavers in the Mid Ulster area achieved at least 2 A-levels with grades A*-E, compared with a rate of 57.3% of pupils in Northern Ireland as a whole.

Almost four-fifths (79.2%, N=1,882) of school leavers in the Mid Ulster area proceeded to attend either an Institute of Higher Education e.g. universities or teacher training colleges (44.3%) or Institutes of Further Education (34.9%). Each of these proportions were higher than the average rates across Northern Ireland, indicating a greater propensity for Mid Ulster students to progress into further and higher education than is demonstrated elsewhere.

Students from the Mid Ulster area enrolled in Further Education (FE) Colleges are, vis-à-vis students from other areas of Northern Ireland, more likely to student subjects which are considered to be STEM[48] subjects.

Interestingly, only 16.8% of school leavers in the Mid Ulster area entered the labour market, either directly into employment (7.9%) or as part of some form of training (8.9%). Notably, these figures were lower than the corresponding figures for Northern Ireland as a whole (8.9% and 9.7% respectively).

As of April 2017, there were 919 individuals within the Mid Ulster are participating on Apprenticeships within the Apprenticeships NI Framework[49], which were relatively evenly split between Levels 2 (37%), 2/3 (27%) and 3 (36%). Almost three-quarters (72%) of the overall apprentices, and nearly all (91%) of the Level 2/3 apprentices were male. Whilst there are some exceptions across individual sector disciplines (e.g. within disciplines relating to the hospitality and food & agri-food sectors), this provides some indication that there is potential to support more females to move into apprenticeship within the Council area.

The recent update to the 2015 Northern Ireland Skills Barometer[50] projected that (under an assumed high-growth scenario), there will be 87,000 new jobs within Northern Ireland by 2026, which is broadly similar to the target from the Industrial Strategy to create 80,000 new jobs by 2030. Whilst this study

[46] Department for Communities (2017) ‘Labour Market Analysis: Mid Ulster Local Government District’.
[47] Department of Education (2017) ‘School Leavers Survey 2015/16’.
[48] Science, Technology, Engineering and Mathematics, including any subjects that fall under these four disciplines.
[49] Data provided by the Department for the Economy from its Client Management System as at 28th July 2017.
[50] Ulster University and DfE (2017) ‘NI Skills Barometer: Update Report’.

looks at Northern Ireland as a whole (without comparable data being available at a LGD level), it is important to recognise the projected demand for jobs and skills across Northern Ireland as this would likely resemble the localised trends.

At an overall level, the study projects that there will be an annual average gross demand of 80,400 jobs between 2016 and 2026, of which 28,600 would be required to be filled from the education system and migration, rather than from the existing labour force. The sectors which are anticipated to deliver the greatest level of job growth over 2016-2026 are (those denoted in bold are part of the six identified priority sectors):

- **Construction;**
- **Manufacturing;**
- **ICT;**
- **Restaurants and hotels;**
- **Professional, scientific and technical;**
- Admin and support services; and
- Health and social work.

3.6 Specific Sectoral Skills Needs

In this section, the six identified priority sectors within the Mid Ulster area are investigated further. In doing so, the following subsections provide the key findings emerging from the primary research with the businesses located within the Mid Ulster area (a detailed analysis is included in Appendix II).

3.6.1 Employment and Employee Profile

In total, the businesses that participated in the research stated that, as of 2017/18, they had 11,734 employees based in Northern Ireland, of which 9,962 (85%) were based within the Council area.

Across the businesses, three-quarters (75%) of all employees were male. This compares with an overall working age male population in the MUDC area of 51%. The gender imbalance is more pronounced in some job roles[51] than others. For example:

- ‘Skilled trade’ workers are over-represented by 45% towards males. It is noted that nearly a fifth (18%) of all workers were reported as being in this category;
- ‘Elementary’ workers are over-represented by 35% towards males;
- ‘Professional Services’ workers are over-represented by 31% towards males;
- ‘Process, Plant & Machine Operatives’ workers are over-represented by 28% towards males. It is noted that a third (32%) of all workers were reported as being in this category;
- ‘Managers/ Directors’ workers are over-represented by 23% towards males;
- ‘Admin/Secretarial’ workers are over-represented by 27% towards females; whilst
- ‘Caring, Leisure & Other Service’ workers are over-represented by 20% towards females.

The construction (88% of employees are male) and the manufacturing & engineering (86%) sectors are particularly skewed towards male employees. However, nearly two-thirds (62%) and over half (56%) of workers in the hospitality and retail sectors respectively are female.

The clear gender imbalance perhaps points to some potential solutions to address some of the skills issues faced by businesses in the area e.g. there may be opportunities to build upon existing initiatives such the promotional profile articles in regional newspapers (e.g. Belfast Telegraph) of ‘successful

[51] As per Standard Occupational Classification 2010 (as per ONS Labour Market Statistics) based on the OECD International Standard Classification of Occupations (ISCO).

women in work in the manufacturing industry'[52] or promotion activities undertaken[53] to encourage women into professional roles in the construction sector e.g. quantity surveying, architecture etc.

There is a dependence within the manufacturing & engineering, construction and food & agri-food sectors on employees categorised as being 'Skilled Trade' or 'Process, Plant & Machine Operatives', with 50%+ of their employees falling within these job roles.

The hospitality (68%), retail (54%), food & agri-food (54%) and manufacturing & engineering (54%) sectors have particularly strong representation amongst young people (aged 18-34) compared with the overall profile in the Mid Ulster area (35%). Whilst this is encouraging in many respects, it may also signal a key factor in the recruitment and skills issues facing those same businesses. That is, they may well have maximised much of the available opportunity to recruit from that pool of individuals.

On an overall basis, the businesses draw heavily upon the Mid Ulster area's local population for their workforce, with respondents suggesting that over half (56%) of their workforce originally came from the Council area.

However, it is evident that some sectors are more reliant on drawing employees from outside the area. In particular, nearly two-thirds (64%) of the employees in the food & agri-food sector originally came from elsewhere in the EU (other than the UK or the Republic of Ireland), including countries such as Poland, Romania, Bulgaria, Lithuania and Hungary. As previously highlighted, the uncertainty associated with Brexit may have significant consequences for sectors such as the food & agri-food sector, whereby restrictions may be placed on businesses ability to access EU27 Nationals as employees.

Positively, nearly three-quarters (71%) of the businesses indicated that their annual rate of staff turnover[54] was, as of 2017/18, 5% or less. However, a small cohort of businesses (7%), primarily operating in the hospitality, manufacturing & engineering and food & agri-food sectors, were experiencing a staff turnover rate of over 20%. It was suggested that a number of interrelated issues have contributed to this position:

- A small local labour pool; resulting in
- Strong wage competition;
- Individuals being asked to operate in roles within which they are not proficient and being required to work regular overtime; and
- Low staff morale.

In terms of principal markets, over two-fifths (43%) of businesses indicated that they have 70%+ of their sales in external or export markets, which exposes them to, for example, currency fluctuations, competition labour etc. Discussion with these businesses indicates that the uncertainty associated with Brexit is already having significant consequences for their business operations.

3.6.2 *Issues Attracting and Retaining Staff*

Nearly three-quarters (71%) of the businesses suggested that they had faced challenges in attracting appropriately skilled staff during recent times (e.g. in the last 3 years). This issue was particularly prevalent in those businesses that operate in the manufacturing & engineering, food & agri-food and construction sectors.

Compounding these issues was the fact that nearly two-fifths (39%) of businesses suggested that they also experienced issues retaining appropriately skilled staff. Again, this issue was particularly prevalent in the food & agri-food and manufacturing & engineering sectors.

[52] Developed by Manufacturing NI.
[53] By CITB.
[54] i.e. the percentage of staff who leave each year as a proportion of the total employees

The findings suggest that issues associated with attracting and retaining staff are particularly acute for the following 'hard to fill' roles and specialisms:

Manufacturing & Engineering	• Welders[55] • Hydraulic fitters • Automotive engineers/electricians • Design engineers • Mechanical engineers • Health and safety professionals • Electricians • Marketing staff	• Individuals with spray painting expertise e.g. parts spraying • Materials handlers • Skilled joiners with Computer-aided design (CAD) expertise • Machine/production operatives • Assembly workers • Health and safety staff
Construction	• Process engineers • Chemists (related to cement processing) • Design technicians • Planners	• Skilled/unskilled construction operatives • IT staff • Skilled and experienced joiners • Skilled and experienced plumbers
Food & agri-food	• Skilled and experienced butchers • Skilled and experienced bakers • Innovation staff • Specification writing	• New product development staff • Quality controllers/assurance • Skilled/unskilled production operatives • Refrigeration engineers
Retail	• Shop floor operatives (specifically for the night and early morning shifts)	•
Hospitality	• Experienced Chefs • General kitchen/bar staff	• Housekeeping staff

The principal reasons for the recruitment and retention related issues include:

- Nearly two-thirds (65%) of the businesses suggested that **applicants did not have the necessary skills** (with skills and qualifications less advanced than required for job role).
- Three-fifths (60%) suggested that **few or no applicants** contributed towards having certain positions/vacancies that were considered 'hard-to-fill'. Research suggests that the lack of applicants may be a result of economic activity and employment levels for those over 16 years old being considerably higher (between January and March 2017) for the Mid Ulster area vis-à-vis Northern Ireland averages (76.0% versus 74.0% and 72.9% versus 69.3% respectively).
- A similar proportion (59%) also suggested that **applicants did not have the necessary experience**.

The following provides an indication as to the extent these issues were prevalent across individual sectors:

- Over three-quarters (78%) of the businesses that operate in the manufacturing & engineering sector, and a similar proportion (77%) that operate in the hospitality sector, indicated that **few or no applicants** contributed towards having certain positions/vacancies that were considered 'hard-to-fill'.
- More than two-thirds (66%+) of the businesses that operate in the hospitality, food & agri-food, manufacturing & engineering, construction and IT sectors indicated that **applicants not having the necessary skills** contributed to having 'hard to fill' vacancies.
- Within the retail, construction and food & agri-food sectors, over two-thirds (69%, 67% and 67% respectively) of businesses suggested that **applicants not having the necessary experience, rather than skills**, contributed to having 'hard to fill' vacancies.

[55] One core research respondent noted that they faced particular challenges in recruiting welders with experience in MIG (Metal Inert Gas), TIG (Tungsten Inert Gas) and aluminium welding, which are all types of welding processes.

Inadequate supply of applicants

Businesses cited that an inadequate supply of applicants was primarily due to:

Reasons for an inadequate supply of applicants
• **Competition within the local labour market; and/or** • **The small local labour market within the Mid Ulster area;** And to a lesser extent: • A perception (amongst potential applicants) that the Mid Ulster area is too far away from their homes; and/or • The hours associated with the job; • A perceived lack of career prospects in the job/industry; and/or • Potential applicants not having a suitable means of transport to the business' location (including suitable public transport options); and/or • The wages offered being less favourable/competitive relative to those offered elsewhere; and/or • Negative perceptions of the industry/sector.

Across each of the six identified priority sectors, competition within the local labour market, along with the small local labour market, were consistently cited as being the key cause of positions being 'hard to fill'.

However, there were a number of subtle differences between sectors as to what additional factors (above and beyond the two key reasons cited above) that contributed towards an inadequate supply of applicants. For example:

- A **perceived lack of career prospects in the job/industry** was cited by businesses in the food & agri-food, construction and retail sectors as one of the key reasons why they had an inadequate supply of applicants. This view was shared by several stakeholders such as Invest NI, the two FE Colleges, the local enterprise agencies and key sectoral business organisations e.g. CITB, Food & Drink Sector Skills, Hospitality Ulster, CBI, BITC, Tourism NI, FMB, Manufacturing NI etc. These stakeholders suggested that more collaborative awareness raising and promotion, particularly within schools (and where possible involving parents[56]), could be undertaken by businesses in an effort to identify the nature and type of opportunities that might be available for individuals in the six priority sectors. For instance, there could be more joined-up and widespread use of social media channels (e.g. case study materials/profiles identifying the type of roles, skills required, opportunities available etc.), facilitated site visits, open nights or insight/exploration days for students and parents, preferably outside of school hours (where possible) etc.

- **Potential applicants not having a suitable means of transport to the business' location** (including suitable public transport options), was cited by businesses in the food & agri-food sector. Indeed, Invest NI, the local enterprise agencies and key sectoral business organisations (e.g. CBI, Manufacturing NI etc.) suggested that connectivity to, and within, the Mid Ulster area could be improved. For example, this could include enhancements to the existing public transport linkages and park and ride facilities.

- **The wages offered being less favourable/competitive** relative to those offered elsewhere, was reported by businesses in the food & agri-food, hospitality, retail and, to a lesser extent, manufacturing & engineering sectors. Indeed, a representative from the CITB suggested that wage levels are, in some instances, not high enough to attract employees into the construction sector in the local marketplace.

[56] Who are considered to be the key 'influencer' in students' future careers options.

- **Negative perceptions of the industry/sector** was reported by businesses in the food & agri-food, retail and, to a lesser extent, construction sectors. Again, this view was shared by several stakeholders such as the two FE Colleges, Invest NI, the local enterprise agencies and key sectoral business organisations e.g. CITB, Food & Drink Sector Skills, Hospitality Ulster, CBI, BITC, Tourism NI, FMB, Manufacturing NI etc. These stakeholders suggested that more collaborative awareness raising and promotion, particularly within schools (and where possible involving parents), could be undertaken by businesses in an effort to, *inter alia*, redress the negative perceptions of certain sectors. For instance, the 'tasty careers' initiative[57] for the food & agri-food sector could be expanded and, where possible, replicated for the other priority sectors.

- **A perception that Mid Ulster is too far away from potential applicants' homes**, was reported by businesses in the IT, construction and food & agri-food sectors.

- **The hours associated with the job** was reported by businesses in the hospitality and the food & agri-food sectors.

<u>Lack of skills and/or qualifications</u>

For those businesses that experienced challenges attracting and/or retaining staff with the necessary skills and/or qualifications required for the job role:

Types of skills and/or qualifications applicants lack
• Nearly three-quarters (71%) of the businesses cited that they required **general employability skills[58] and attributes** (e.g. good work ethic, 'can do' approach and a positive attitude, initiative and flexibility etc.). This was broadly consistent across each of the key sectors. • Nearly three-fifths (60%) suggested they required the requisite **professional or technical qualifications** (e.g. essential skills, GCSEs, A Levels, degrees, technical/vocational qualifications etc.). This was more prevalent in the hospitality and manufacturing & engineering sectors. These businesses were asked to identify the specific qualifications and posts that they require and those that they anticipate that they will require during the period to 2020/21. These findings have been collated and presented in Appendix II and are aligned with the Qualifications Frameworks and the main stages of education/employment that are set out in Appendix III. • A similar proportion required the requisite **technical/practical employability skills** (e.g. specialist skills or knowledge, lacked a knowledge of products and services offered by the business etc.). This was more prevalent in the food & agri-food and retail sectors.

<u>Significance of Issues on Businesses</u>

In summary, businesses ranked the aforementioned key issues in order of importance as follows:

1. **An inadequate supply of applicants i.e. a 'lack of people';**

2. **A lack of broader employability skills (in order of importance these were a lack of: strong work ethic; positive 'can do' attitude; specialist skills or knowledge; and general communication skills); and then**

3. **A lack of professional or technical qualifications.**

[57] Which is an initiative designed to raise the profile of, and provide information on, the food & agri-food sector in Northern Ireland. The initiative provides a dedicated website (which has, *inter alia*, details of job vacancies, job descriptions, training opportunities, an 'interactive careers map' etc.), promotional booklets and Tasty Careers Ambassadors who undertaken school visits to promote careers in the sector.
[58] NB - The UK Commission for Employment and Skills (UKCES) defines employability as *"the skills almost everyone needs to do almost any job",* although it is recognised that employability is not just about skills, it is also about capabilities or competencies, aptitude, attitude and behaviour.

As previously highlighted, the situation for businesses in the Mid Ulster area, and in particular the issue relating to an inadequate supply of applicants, is compounded by wider macro factors such as relatively high rates of economic activity and employment levels (as set out above) and corresponding low levels of unemployment within the Council area vis-à-vis the Northern Ireland averages.

Again, this points to the fact that any initiatives/interventions taken forward as part of this Skills Strategy and Action Plan should, in the first instance, seek to attract external talent and residents to the Mid Ulster area. This view was shared by several stakeholders such as Invest NI, the two FE Colleges, the local enterprise agencies and key sectoral business organisations e.g. CITB, Food & Drink Sector Skills, Hospitality Ulster, CBI, BITC, Tourism NI, Manufacturing NI etc.

Furthermore, to re-dress this issue, it was suggested that Mid Ulster District Council, alongside other Councils in Northern Ireland, could potentially lobby the UK Government for a regional migration policy post-Brexit i.e. being able to issue work visas for Northern Ireland only rather than having to comply with a one-size fits all UK migration policy. The rationale being that Northern Ireland has a different economic profile than the rest of the UK and therefore migration policy should reflect that.

Impact of Recruitment and Retention Related Issues

Businesses across each of the six identified priority sectors suggested that the recruitment and retention related issues were having a range of impacts on their respective businesses. For example:

- Nearly four-fifths (80%) of the businesses cited that the issues had **increased the workload for other staff** (e.g. additional shifts, additional responsibilities and duties that are not part of their job description etc.).
- Nearly two-thirds (58%) suggested that they have been **unable to maintain current operations or to achieve growth in line with projections**, whilst a similar proportion (54%) experienced **difficulties in meeting customer services objectives**.
- Just under half (43%) suggested that they had **increased operating costs** (e.g. paying overtime to service contracts, recruitment fees etc.) and had experienced **delays in developing new products/services**.

The impact of these issues experienced by businesses was broadly consistent across the various sectors.

Businesses indicated that they have taken a variety of steps to overcome the problem of having 'hard-to-fill' vacancies, including changing their recruitment practices. For instance:

- Nearly two-thirds (64%) of the business respondents cited that they have started **advertising or are advertising more widely** (e.g. regional newspapers in addition to local newspapers, social media such as Facebook, online forums etc.).

- Over two-fifths (43%) of the business respondents suggested that they **upskill or train their existing workforce** to fill the vacancies, whilst a similar proportion (40%) have **increased the salary of the posts** to make the job more attractive.

- Of note, those businesses that operate within the food & agri-food sector have, to a greater extent than the other sectors, actively sought to attract workers from outside Northern Ireland. There may be an opportunity for businesses in the other priority sectors to be more proactive in adopting a similar practice.

Interestingly, the analysis indicates that the above types of practices seem to be more prevalent amongst a small pool of businesses (across the six identified priority sectors), which perhaps suggests that these types of practices could be encouraged more amongst the wider business base within the Mid Ulster area.

3.6.3 *Views on New Entrants into the Labour Market*

A number of businesses operating in the construction, manufacturing & engineering and food & agri-food sectors suggested that there was very little, if any, evidence of individuals coming directly from schools into the workplace (regardless of sector). During consultation, these businesses expressed their view (which was one shared by key stakeholders such as the local enterprise agencies and key sectoral business organisations e.g. Hospitality Ulster, CBI, BITC, FMB, Manufacturing NI etc.) that schools appeared to be encouraging students to remain in the education system and to progress to the Further/Higher education sectors, rather than channelling them into employment. Furthermore, it was suggested that schools appeared to be guiding students towards other sectors (e.g. law, medicine, ICT etc.) that were perceived to be more attractive.

This finding is supported by the fact that, as previously highlighted, only 16.8% of school leavers in the Mid Ulster area enter the labour market, either directly into employment (7.9%) or as part of some form of training (8.9%). Notably, these figures were lower than the corresponding figures for Northern Ireland as a whole (8.9% and 9.7% respectively).

Across each of the six identified priority sectors, over half of the businesses (52%) strongly agreed (8%) or agreed (44%) that, on average, any new entrants into the labour market that were recruited since 2014 were considered to be ‘well prepared for work’. However, businesses that operate in the retail and hospitality sectors strongly disagreed (11% and 7% respectively) or disagreed (56% and 50% respectively) with this statement, potentially suggesting that more could be done for new entrants that enter the workforce of these two sectors.

3.6.4 *Views on Existing Workforce (including training)*

Encouragingly, over two-thirds (69%) of businesses suggested that all (42%) or almost all (27%) of their existing workforce were ‘fully proficient in their jobs’. This finding was broadly consistent across each of the six priority sectors. Of note, food & agri-food businesses suggested that maintaining high levels of proficiency amongst staff is a necessity, given both the highly-regulated industry within which they operate but also due to the regularity of which they were audited by their customers.

Businesses indicated that there are a variety of reasons as to why some of the existing workforce are not considered to be fully proficient in their jobs. For instance, over half (56%) of businesses cited this was due to insufficient time and resources being dedicated towards the training and development of staff.

For those within their existing workforce that were not considered to be fully proficient in their jobs, it was suggested that the following employability skills are required:

- **General skills and attributes** (e.g. good work ethic, flexibility, basic literacy, numeracy or communication skills etc.) – this was particularly pronounced for those businesses that operate in the construction, retail and, to a lesser extent, manufacturing & engineering sectors; and/or
- **Technical/practical employability skills** (e.g. specialist skills or knowledge, numerical/ statistical skills, IT skills, communicating in a foreign language etc.) – this was particularly pronounced for those businesses that operate in the construction and, to a lesser extent, the food & agri-food sectors.

Businesses across each of the six priority sectors reported that they had taken a variety of steps to improve workforce proficiency. For example:

- Nearly all (84%) indicated that they provided dedicated additional time and resources towards the training and development of their staff; and/or
- Nearly a quarter (22%) reallocated work/jobs within the business to redress this issue; and/or
- A small number of the businesses (11%) suggested that they have also implemented ‘other’ types of initiatives such as a ‘buddy system’, new or more regular performance reviews/appraisals etc.

In addition, nearly all (88%) of the businesses offered on-the-job training opportunities to their existing workforce, which was typically delivered at the business' location and involved 'hands-on' training. Furthermore, two-thirds (60%) of the businesses provided off-the-job training, which was delivered to employees at a place other than their business' location. From a sectoral perspective, the analysis suggests that more on-the-job training opportunities could potentially be provided by businesses that operate in the construction, retail and hospitality sectors.

On-the-job training is considered to be beneficial as it can be tailored to the specific needs of a particular role and/or to the work practices/operations of an individual business. For some businesses, this type of training was suggested as a necessary response to the challenges they faced in attracting staff with the requisite skills and experience. In these cases, in-house training was provided to upskill existing staff for those 'hard to fill' roles e.g. welders and bakers. Indeed, key sectoral business organisations (e.g. CITB, Manufacturing NI etc.) suggested that businesses are increasingly 'training their own' to address the labour and skills shortages.

Off-the-job training involves various types of apprenticeships delivered through South West College and Northern Regional College, along with courses that are specific to individuals and/or the businesses, some of which are required to obtain accreditation e.g. in the construction sector, staff are required to completed the industry approved health and safety training course and assessment to be registered on the Construction Skills Register.

Nearly two-thirds (59%) of the businesses that participated in the research have not yet participated in some form of training programme (labour market intervention) e.g. apprenticeships or other public sector funded programmes within the Mid Ulster area. It was suggested that the reasons for this are that there is a lack of awareness of what types of programmes are available in the marketplace and/or that the existing programmes are not appropriate for individual businesses operating in the six priority sectors.

These findings suggest that there may be opportunities to promote, market and raise awareness of the various programmes that are available to businesses located in the Mid Ulster area. Also, there may be a requirement to ascertain businesses specific needs (across each of the sectors) and better align existing programmes, or develop new programmes, to address help address those needs.

Notwithstanding the above, for those businesses that did partake in training programmes/labour market interventions, the type and level of uptake were different across different sectors. For example:

- Businesses that operate in the manufacturing & engineering, construction and food & agri-food sectors predominantly availed of support through an Invest NI intervention (such as Skills Growth Programme and its precursor programmes) and were also involved in apprenticeships.
- Conversely, businesses that operate in the retail and hospitality sectors largely availed of support offered by the Council and/or other sources e.g. Network Personnel, Workable NI etc.

3.6.5 *Apprenticeships and the Apprenticeship Levy*

Over a third (36%) of the businesses that participated in the research were unaware of apprenticeships, whilst a much greater proportion (70%) were unaware of the apprenticeship levy. Awareness of apprenticeships and the apprenticeship levy was particularly low amongst those businesses that operate in the retail and hospitality sectors. Whilst businesses that operate in the manufacturing & engineering, construction and food & agri-food sectors reported high levels (71%+) of awareness of apprenticeships, these same businesses were less aware of the apprenticeship levy (56% or less).

These findings suggest there may be opportunities to better promote and raise awareness of apprenticeships, and to a greater extent, the apprenticeship levy amongst businesses (across each of the sectors) in the Mid Ulster area. This view was shared by several stakeholders such as DfE and key sectoral business organisations e.g. CITB, CBI etc. For example, there may be opportunities to:

- Better promote and raise awareness of initiatives such as the Government's 'Connect to Success NI'[59]; and/or
- Establish a 'brokerage scheme' with DfE in the Mid Ulster area[60], which would involve DfE scheduling and facilitating meetings with businesses (within each of the Council's six priority sectors) to stimulate demand for apprenticeship schemes – focusing apprenticeships on the specific needs of businesses.

Of those businesses that were aware of the apprenticeships, nearly two-thirds (60%) either strongly agreed (18%) or agreed (42%) that apprenticeships were appropriate for their business. Conversely, the analysis also suggests that there was, across the sectors, general agreement that the apprenticeship levy is not appropriate for businesses. In the main, businesses considered the apprenticeship levy to be an additional tax that they would be required to pay, with little or no means of accessing any subsequent benefits.

A number of specific actions were identified that the Northern Ireland Government (e.g. DfE etc.) could be taking to ensure that appropriate training support is available in Northern Ireland for apprenticeships. These included:

- DfE and individual FE Colleges could be more proactive about sourcing work placements for apprentices and working with the host businesses to tailor the content of the NVQ to support the practical needs of businesses within the Mid Ulster area.
- There could also be more support provided for older apprentices (i.e. those over 25 years old) in the marketplace.
- Apprenticeships could be better supported and promoted within schools, which in turn would help inform a student's decision-making process in relation to their future career options.

3.6.6 Future Employment Scenarios

Businesses were asked to quantify (in the context of their businesses' recent performance and current or anticipated changes in the marketplace) the extent to which they considered skills-related issues were having an impact upon their business' growth and performance. 25 businesses indicated the following:

- In total, during the 3 years to 2017/18, employment within their business had increased by 12% (from 4,894 employees during 2014/15 to 5,503 employees at present). This equates to a compound annual growth rate of 3.99%;
- Under current labour market conditions, those same 25 businesses projected that their employment would likely increase by 8% (419 jobs) over the 3-years to 2020/21 (or a compound annual growth rate of 2.48%);
- However, when asked what the position might be if their business had access to the requisite skills (where it might currently be facing issues), the businesses projected that their employment could grow to 6,391 (i.e. 888 new jobs or a compound annual growth rate of 5.11%); and
- ***In summary, for the 25 businesses, if the skills issues that they are encountering are addressed, there is potential for them to create an additional 469 new jobs by 2020/21 than might otherwise be the case or to double their annual growth rate.***

[59] Which is a free online portal (for employers and prospective employees) that exclusively advertises apprenticeships and school work experience opportunities.
[60] Similar to the scheme implemented by DfE (taught through Belfast Metropolitan College in partnership IT Assist) for the ICT sector in the greater Belfast area (involving companies such as Kainos, Liberty IT, Fujitsu etc.).

Projected Employment Under Two Scenarios (2014-2021)							
Location	**2014/15 (actuals)**	**2017/18 (actuals)**	**% change (2014-2018)**	**Projected, under current conditions**		**Projected, given access to requisite skills**	
				2020/21	**% change (18-21)**	**2020/21**	**% change (18-21)**
In Northern Ireland	5,462	6,135	12%	6,520	6%	6,973	14%
In the Council area	4,894	5,503	12%	5,922	8%	6,391	16%
No. of FTEs (N=24)	4,702	5,309	13%	5,706	7%	6,251	18%
No. Agency/Contract Workers (N=31)	645	687	7%	724	5%	477	-31%

In addition, if the estimated 942 new FTE jobs to potentially be created (given access to requisite skills) over the 3-years to 2020/21 is 'grossed up' to the entire business population (i.e. by a factor of 5[61]), this equates to the potential creation of approximately an additional 4,710 new FTE jobs by 2020/21 than might otherwise be the case.

The Consultancy Team recognises that the projected employment figures provided by businesses are subject to 'respondents' effect'. That is, businesses may have exaggerated (in an upwards direction) their projected employment if they had access to the requisite skills. That being the case, for prudence the Consultancy Team, in agreement with the Mid Ulster Skills Forum, applied a 50% optimism bias sensitivity to the potential employment creation reported by businesses. Under this sensitivity, this equates to the potential creation of approximately an **additional 2,355 new FTE jobs by 2020/21**[62] than might otherwise be the case.

However, such a position will be significantly constrained given the previously identified estimated labour deficit in the Council area, which ranges from 1,984 persons (if the Labour Force Survey measure of unemployed is adopted) to 3,717 (if only short-term claimants of Job Seekers Allowance benefits are considered).

A further point to note is businesses' views that they would become much less reliant on agency/contract workers if the skills issues that they are encountering were addressed, with a suggested reduction in agency staff of 31% by 2020/21.

The Consultancy Team further notes that the projected employment figures referred to above relate to businesses' anticipated growth plans (or 'expansion demand') and do not take account of replacement demand i.e. the number of positions that will become available as a result of staff leaving employment (typically due to retirement, family reasons, ill health or to move to another sector). The Northern Ireland Skills Barometer[63] estimates that circa 67% of future employment (2016-2026) will be derived from replacement rather than expansion demand, albeit replacement rates (based on current trends) may change. For example:

- In austere times people may become more reluctant to leave the security of their current job; and/or
- A change in policy could change behaviour e.g. the introduction of the living wage could increase supply from unemployment or the economically inactive.

Discussion with key stakeholders (e.g. the Council and Invest NI) indicates that further work (beyond the scope of this assignment) may need to be undertaken to explore replacement demand on a sub-regional basis (i.e. in the Mid Ulster area) in more detail.

[61] Given that, on average, the businesses that participated in the research (including 'other' sectors) account for a fifth (20%) of the employee jobs within the six priority sectors in the Mid Ulster area. Please see Appendix II for further details.
[62] Please note, the ability to achieve this target is inherently linked to the outcomes of future negotiations associated with Brexit. There is a risk any policy relating to the level of free movement that is afforded to EU27 Nationals in the UK and vice versa exacerbates the situation in the Mid Ulster area.
[63] NI Skills Barometer Update Report 'Skills in Demand' (Ulster University and the DfE, June 2017).

3.6.7 Moving Forward

Businesses cited some recommendations/specific actions as to how to address the gaps between the demand and supply of people/skills within their sector within the Mid Ulster area. These include:

- There could be more awareness raising and promotion within schools in an effort to encourage young people to pursue careers in the six priority sectors. For example, this could include businesses facilitating site visits for local careers teachers in order for them to identify the nature and type of opportunities that might be available for young people, to assist redressing the negative perceptions of certain sectors etc.
- Connectivity to, and within, the Mid Ulster area could be improved. For example, this could include enhancements to the existing public transport linkages.

In relation to skills and employability issues, it was suggested by businesses that collaboration between the public sector and employers could be enhanced or improved moving forward. For example:

- Linkages between careers teachers in schools and local businesses could be enhanced, which would, amongst other things, assist careers teachers to better understand the needs of the businesses/sectors etc.
- There may be opportunities for the public sector to better promote, market and raise awareness of the various programmes that are available to businesses located within the Mid Ulster area.
- Also, there may be a requirement to ascertain businesses specific needs (across each of the sectors) and better align existing programmes, or develop new programmes, to address help address those needs.

3.7 Differentiating the Issues

The Consultancy Team's research and consultations with businesses throughout the Mid Ulster area provides a clear indication that when businesses discuss skills they are for the most part not referring to qualifications. Although these two terms are often treated interchangeably, skills are not the same as qualifications. Skills associated with the ability to use initiative, to apply 'common sense', to communicate with others, to perform numerical and analytical tasks, and use computers to help solve problems are at the heart of how businesses in the Mid Ulster area function. Other attributes, such as the ability to work well with customers and clients, and being creative, are also highly valued in some jobs. However, it should be recognised that some of these are difficult to pin down as specific skills.

The process of acquiring qualifications undoubtedly builds on and improves skills – the well-educated, for example, also tend to be highly skilled. But qualifications also provide specialist knowledge, they validate personal competencies to clients and customers, and they signal to employers a wide range of desirable attributes and skills. These complement the generic skills that are used in the workplace but are distinct from them and should not be readily used as proxies for one another.

Both qualifications and skills matter, as a workforce with low levels of qualifications, is also one likely to have low levels of skills. The Consultancy Team's consultations with businesses in the Mid Ulster area provide a strong indication that they consider that a 'skills gap' exists which is more damaging to their business' prospects than a 'qualifications gap'. It appears to be skills mismatch rather than qualifications mismatch which is having the bigger impact on local productivity. This has important implications as it raises the question as to whether too much emphasis is being placed by policymakers on qualifications rather than skills[64]. This question is perhaps beyond the scope of this current exercise, but what is evident from the research is that whilst qualifications are easy to measure, skills are difficult to both define and measure.

[64] Indeed, the 2014 OECD review of UK skills policy noted that, with likely changes in the economies of most OECD countries with the growth of employment in technical and associate professional occupations, many would need a substantial and growing amount of post-secondary vocational provision below bachelor's degree level. The OECD concluded that *'the UK system therefore contains a substantial gap in provision, or alternatively, overprovision of vocational bachelor degrees for jobs that do not require three years of training'.*

4. SWOT ANALYSIS

The following SWOT analysis draws together both existing research and new analysis to understand the Mid Ulster area's strengths and weaknesses across the most important factors that relate specifically to skills and its influence on economic growth. The Consultancy Team has sought to understand what strengths have driven the Mid Ulster area's past economic success (including whether the area can rely on them in the future) and what weaknesses and threats challenge the area's economic success today (including whether these challenges are likely to worsen or improve).

Strengths	Weaknesses
• The second largest concentration of small businesses outside of the Belfast Metropolitan area. • Strategically located, the area has a widely acknowledged strong, diverse and dynamic business base, together with an educated and entrepreneurial workforce. • It has the 2nd lowest claimant count in the region. • The area population of 145,000 is the fastest growing new Council area. • Strong specialisms in the production of general and special purpose machinery, along with the manufacture of products which directly supply the construction and agricultural sectors (e.g. 40% of world's mobile crushing and screening equipment is made in the Mid Ulster area). • School leavers within the Mid Ulster area are performing at a level above the Northern Ireland average attainment. • High levels of on-the-job and off-the-job training amongst the business base.	• The calculated deficit of available skilled labour within the Mid Ulster area. • Inadequate supply of applicants for certain positions/vacancies that are considered 'hard-to-fill'. • A lack of broader employability skills amongst those in the labour market. • Clear gender imbalance in the workforce, which is more pronounced in some sectors and roles than others. • Levels of earnings are lower for workers in the Mid Ulster area vis-à-vis elsewhere in Northern Ireland. • The proportion of the working age population in the Mid Ulster area that is classified as economically inactive is higher than the UK average. • Below average performance at both ends of the education spectrum e.g. those with no qualifications and those with NVQ level 4 or above. • Number of school leavers in the Mid Ulster area entering the labour market, either directly into employment or as part of some form of training, is lower than the corresponding figures for Northern Ireland. • Some sectors (e.g. food & agri-food) are reliant on drawing employees from outside the Mid Ulster area such as EU nationals. • Some sectors are not viewed as offering an attractive career option by existing and potential employees. • Currently, many vacancies require technical skills that applicants do not possess, as skills mismatches between labour supply and demand imply that qualifications and training being completed often does not meet the needs of occupations in the Mid Ulster area. • There are concerns that there is an excessive focus (amongst local schools) on degree-level qualifications through universities when alternative and more vocational qualifications through alternative routes might be more appropriate for the individual. • Lack of awareness and understanding of Apprenticeships and, in particular, the Apprenticeship Levy. • A view that the Apprentice Levy priorities young people at the expense of other groups and areas such as adult education. • Poor connectivity to, and within, the Mid Ulster area.

Opportunities	Threats
• The Mid Ulster Skills Forum offers a unique opportunity to initiate the development of a Mid-Ulster wide approach to employability and skills. • Promotion of Mid Ulster area as a positive life destination. • Support for new economic migrants. • Highlight positive career options within the Mid Ulster area's key sectors. • Whilst jobs may be at risk due to technological progress (such as automation), which could be considered a threat (as per adjacent column), others will be created, potentially in occupations that do not yet exist. Opportunity, therefore, to support technological change and automation. • Opportunity to attract and retain skilled labour, build resilience and adaptability in the current and future workforce. • Opportunity to create a larger and stronger private sector. • Job creation and growth that translates into opportunity, with employment rates maintained higher than the Northern Ireland average. • Diversity and resilience, with strong performance across a wider range of economic sectors in order to improve the area's resilience against crises. • Strong sectoral strengths - protect and grow the Mid Ulster area's key sectors, whilst recognising the importance of emerging sectors. Opportunity, therefore, to the region to identify its unique strengths and use these to build strong regional propositions which will be attractive to potential investors and which can be promoted internationally. • Increase uptake, and quality, of modern apprenticeships, including exploration of shared apprenticeship schemes. • Increase and improve business engagement with, and recruitment directly from, secondary, further and higher education establishments. • Develop and promote a range of high-quality vocational routes to employment as complementary to a university education. • Improve careers education, information, advice and guidance (CEIAG) to develop the skills businesses need to address gaps. • Opportunity to explore, in conjunction with SWC and other stakeholders, the potential for additional support to be provided towards the development of an advanced Manufacturing & Engineering Innovation Centre/Facility in the Mid Ulster area.	• Uncertainty associated with the Brexit negotiations. • Inability to gain access to 'people' to meet businesses' requirements. • The continued absence of the Northern Ireland Executive and absence of clear policy direction. • Recent changes to the welfare system in Northern Ireland. • Jobs at certain skill levels are highly susceptible to technological progress (such as automation).

5. CONCLUSIONS

5.1 Overarching Conclusion

The considerable and growing issue of businesses within the Mid Ulster area accessing prospective employees (or the lack of 'people'), as reflected in Sections 2 and 3 of this report, will inevitably not be a surprise to businesses in the area - **the 'need for labour' is now**. However, this issue, coupled with the identified skills issues, should serve as a clear signal to policymakers that urgent attention is required to ensure that the growth of local businesses is not curtailed.

This is not to say that local businesses, with support from key stakeholders, do not have a role to play. They are faced with several options in terms of increasing the pool of prospective employees, such as: seeking to attract external talent to the Mid Ulster area; increasing levels of investment in labour saving technology (such as automation); encouraging more local people back into the labour market (e.g. possibly through higher wages); and/or re-locating to another jurisdiction with easier access to skilled labour.

Beyond these options, there is also a need to actively promote the development of productive, inclusive and engaging workplaces that get the best out of people, but also a need to take a much more strategic view of skills and the systems and mechanisms through which they are developed and sustained. In a period of considerable uncertainty, just focusing on the supply is not enough if businesses are to meet the huge challenges of rapid technological change, an ageing workforce, and changing cultures and expectations amongst the younger workforce. For example, businesses need to think more broadly about their own investment in developing talent and skills and how the growth of different employment models, flexi-working, contract and portfolio working may require a significant change to the ways they attract, invest in and develop people and skills in the future. The HR function within a business has a vital role to play in helping organisations to take a more strategic view of the kind of workforce they will need for the future and how they set about engaging with prospective future employers in a timely and strategic manner.

The opportunity is clear – despite these issues there is the potential to create approximately an additional 2,355 new FTE jobs by 2020/21[65] if the Action Plan that has been developed (see Section 6) is <u>appropriately resourced, financed and implemented.</u> To achieve this, the Mid Ulster Skills Forum will work with relevant key responsible Government Departments (e.g. DfE, DE, DfC, DfI etc.) and their delivery bodies in implementing the commitments with the Action Plan.

[65] Please note, the ability to achieve this target is inherently linked to the outcomes of future negotiations associated with Brexit. There is a risk any policy relating to the level of free movement that is afforded to EU27 Nationals in the UK and vice versa exacerbates the situation in the Mid Ulster area.

6. THE ACTION PLAN 2018-2021

6.1 Introduction

The ability to grow, attract and retain skilled labour, build resilience and adaptability in the current and future workforce is a prerequisite for future economic growth in the Mid Ulster area. This section sets out Mid Ulster's skills ambitions and the priorities for action that will be required to deliver them. It aims to be realistic about the challenges that the Mid Ulster area faces and its baseline position. Each of the Actions presented, and the means by which they are anticipated to be created, have been agreed with the Mid Ulster Skills Forum.

The priorities range from those which could straightforwardly be described as corrections for market failures (e.g. in the provision of training), through broader advocacy relating to existing areas of public policy (e.g. immigration), to priorities that address the governance issues that need to be resolved to support Mid Ulster's development.

While some of the suggested actions are challenging, the Consultancy Team has sought to ground them in what is achievable, whilst recognising that it does not have all the answers to some very intractable questions. Instead, the Consultancy Team suggests that it is better to focus on making significant progress in a limited number of areas, by building on what the Mid Ulster area already has and recognising that meaningful change will be gradual and requires stability and consistency.

6.2 The Goal

The Council's economic strategy is clear: to create a larger and stronger private sector. In order to achieve this, it will be important to have a successful skills and employment strategy, which enhances skills supply and thereby feeds the demand for well-skilled employees.

The Skills Forum wishes to lead the way as an exemplar of what can be achieved through a dynamic, integrated work and skills system which recognises that with better skills comes improved employability and, in turn, increased productivity. Over the medium term, the Mid Ulster area needs a transformational education, skills and employment system that delivers the employability and technical skills needed to drive the productivity in the area's growth sectors. Such a system is one which prepares all individuals for the rapidly changing world of work and upskills those already in work – so they can develop their full potential in terms of knowledge, skills and capabilities.

The ambition is clear: for all the residents of Mid Ulster to be in a position to achieve their goals through productive, fulfilling employment with skills at the heart of personal and professional development, whether entering the world of work for the first time or progressing in their careers.

The Skills Forum wants to ensure that Mid Ulster's employers have access to, and ownership of, an adaptable, resilient local workforce with the skills they need to thrive now as well as a work-ready talent pool to draw upon for the future.

However, the Mid Ulster area's future success in those sectors where it has historically been successful (e.g. manufacturing & engineering, construction, food & agri-food etc.) cannot be taken for granted, perhaps in particular following the UK's vote to leave the EU in June 2016. Both Northern Ireland and the Mid Ulster area is at the beginning of a period of significant uncertainty, which has the potential to deter investment and reduce growth.

Other areas face similar challenges. Some have similar strengths. Many have similar ambitions. However, the Mid Ulster area uniquely combines a realistic aspiration to be a top performing region in Northern Ireland at the same time as maintaining its position as being the most entrepreneurial region in Northern Ireland. However, to pursue these aspirations while managing the implications of the vote to leave the EU, and within constrained public finance, it is recognised that one of the main drivers of strong economic growth will be the availability of a high performing skilled workforce.

This action plan is designed to support the delivery of the Council's Economic Development Plan and a Mid-Ulster area economy with:

- A workforce with the skills necessary to deliver economic growth.
- Job creation and growth that translates into opportunity, with employment rates maintained higher than the NI average.
- Diversity and resilience, with strong performance across a wider range of economic sectors in order to improve the area's resilience against crises.
- Strong sectoral strengths - protect and grow the Mid Ulster area's key sectors, whilst recognising the importance of emerging sectors.

Whilst the concept is simple, the context is highly complex, with some elements devolved whilst others remain under the purview of central Government. Against that backdrop, stakeholders must establish how best to focus resources and efforts in order to maximise the impact of activity across Mid Ulster. The Action Plan aims to draw together those numerous interrelated strands of activity across a rich and diverse work and skills landscape, to bring cohesion, and to set out a direction of travel for the coming years.

Importantly, it must become a shared vision to which all stakeholders in the Mid Ulster area can commit and work towards together. Achieving the goals that have been set out will require focused implementation and a coordinated approach amongst a range of public and private sector stakeholders. No single body has all the levers that the area will require to drive success and different priorities and sectors can have different leaders. However, Mid Ulster District Council, through its Economic Development and Community Plans, is well placed to coordinate and drive this agenda as a whole by building partnerships across government, business and wider society.

6.3 What will this Action Plan Support?

Given the specific focus of this action plan, the ultimate measure of its success will be the availability of appropriately skilled individuals to support business growth, job creation and increased productivity. The Consultancy Team's consultations with businesses based in the Mid-Ulster area indicates that if this is achieved it could support the creation of an additional 2,355 new FTE jobs in the area by 2020/21[66].

6.4 The Action Plan

Similar to the Council's Economic Plan, the Strategic Priorities, Goals and Actions set out overleaf will require the development of strong partnerships and joint ventures, including strong leadership amongst businesses, using a multi-agency approach to maximise resources in order for them to be fully delivered. Central to this will be the Council who will act as a key enabler in the region, adopting a direct lobbying approach to become a leading strategic influencer of skills development and policy in the area.

[66] Please note, the ability to achieve this target is inherently linked to the outcomes of future negotiations associated with Brexit. There is a risk any policy relating to the level of free movement that is afforded to EU27 Nationals in the UK and vice versa exacerbates the situation in the Mid Ulster area.

Vision:'' By 2021, to have supported the creation of approximately 2,300 additional jobs in the Mid Ulster Council area through effective collaboration and partnership working''

Strategic Priorities	Goals	Key Actions	Key Outcomes
1. Attract	We want to attract external talent & residents to the Mid Ulster area.	A. Improve market proposition for the Mid Ulster area B. Enhance the image of priority sectors C. Improve connectivity to, and within, the Mid Ulster area D. Support new job creation	• Larger working age population/local labour market & job creation • Improved perceptions of industry/sectors • Greater accessibility/connectivity
2. Develop	We want to develop the skills businesses need to address gaps.	E. Improve careers education, information, advice and guidance (CEIAG) F. Increase quality and quantity of apprenticeships	• Improved employability skills • Enhanced professional/technical qualifications • Increased apprenticeships
3. Engage	We want to improve how businesses engage with key stakeholders.	G. Improve engagement with prospective employees H. Improve engagement with education providers I. Improve engagement with existing Government strategies and initiatives	• Greater volume & diversity in local labour market • Greater (and more collaborative) business/education provider engagement
4. Retain / Sustain	We want to 'future proof' skills and capability.	J. Develop pipeline of new initiatives/incentives K. Support technological change and automation L. Support entrepreneurship/new business skills M. Reduce annual rate of staff turnover amongst businesses	• Enhanced business performance / competitiveness • Lower staff turnover rates
5. Success	We want to implement the Strategy and Action Plan and measure success in tangible metrics.	N. Continuation of the Mid Ulster Skills Forum O. Reformat sub-groups of the Mid Ulster Skills Forum P. Seek resources and finance for Strategy and Action Plan implementation	• Implementation of Strategy and the Action Plan to support the achievement of outcomes

The following subsection provides further details on each Strategic Priority of the Action Plan, including the rationale for each Action and the specific activities that fall under each, along with associated timeframes for delivery i.e. short (year 1), medium (year 2) or long-term (year 3+). The Mid Ulster Skills Forum will work with relevant key responsible Government Departments (e.g. DfE, DE, DfC, DfI etc.) and their delivery bodies in implementing the commitments with the Action Plan.

Strategic Priority	Action	Rationale	Activities	Lead	Timeframe
1. ATTRACT **We want to attract external talent and residents to the Mid Ulster area**	**A. Improve market proposition for the Mid Ulster area**	Increase supply of labour and compete for talent from other areas	1. Develop a cohesive and strong marketing/promotional campaign for the Mid Ulster area. This should: • Identify key messages to be used consistently across organisations and existing communication mediums/platforms. • Promote the area's sectoral clusters e.g. manufacturing & engineering, construction and food & agri-food businesses. • Identify, in conjunction with key stakeholders (e.g. the Home Office), if there are areas of NI, GB, the EU or the rest of world where employment and lifestyle opportunities within the Mid Ulster area could be actively targeted and promoted, thereby addressing labour shortages in the Mid Ulster area.	Skills Forum with relevant key responsible departments & stakeholders	Short term
	B. Enhance the image of priority sectors	Increase volume and diversity	2. Provide collective input into the campaign being developed by industry (in partnership with DfE) to promote the hospitality sector in Northern Ireland. This should involve the development of a 'skills brand and toolkit' to include key messages that businesses can use as part of their own promotional campaigns.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			3. Explore opportunities to initiate the development and implementation of promotional campaigns across the Mid Ulster area and NI for the Manufacturing & Engineering; Food & Agri-Food; Construction; ICT; and Retail sectors. This should involve the development of a 'skills brand and toolkit' for each sector to include key messages that businesses can use as part of their own promotional campaigns.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
			4. Develop new, and support existing, initiatives to promote and redress the gender imbalance towards females in individual sectors (e.g. manufacturing and engineering, construction, food and agri-food and IT). For example, Manufacturing NI is involved in developing promotional profile articles in regional newspapers (e.g. Belfast Telegraph) of 'successful women in work in the manufacturing industry'.	Skills Forum with relevant key responsible departments & stakeholders	Short term
	C. Improve connectivity to, and within, the Mid Ulster area	Make the Mid Ulster area a preferred place to live and work – supports Actions A and B	5. Explore possible enhancements to the existing public transport linkages/networks and road infrastructure e.g. additional park and ride facilities, private bus transportation, proposals relating to the A29 road etc.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	D. Support new job creation	Supports achievement of outcomes	6. Support the creation of approximately 2,300 additional jobs in the Mid Ulster Council area[67] (from a baseline position of 31,493 employee jobs across the six priority sectors[68]).	Skills Forum with relevant key responsible departments & stakeholders	Long term

[67] Please note, the ability to achieve this target is inherently linked to the outcomes of future negotiations associated with Brexit and in particular the level of free movement that is afforded to EU27 Nationals in the UK and vice versa.
[68] Source: NISRA Business Register and Employment Survey 2015.

Strategic Priority	Action	Rationale	Activities	Lead	Timeframe
	E. Improve careers education, information, advice and guidance (CEIAG)	Harness and encourage local talent	7. Work with DfE/DE to inform, where appropriate, future joint Action Plans emanating from the 'Preparing for Success 2015-2020' Careers Strategy to ensure that the needs of principals and careers teachers (including training) are being met, that the types of resources/information available to schools is consistent and that businesses/industry have opportunities to, where possible, shape the curriculum design and inform careers education programmes.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
2. DEVELOP **We want to develop the skills businesses need to address gaps**			8. Support education providers to encourage business representatives to act as governors etc., thereby bringing business/industry expertise into the decision-making processes.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	F. Increase quality and quantity of apprenticeships	Grow local talent	9. Establish a 'brokerage scheme' with DfE in the Mid Ulster area, similar to the scheme implemented for the ICT sector in the greater Belfast area. This would involve DfE scheduling and facilitating meetings with businesses (within each of the Council's six priority sectors) to stimulate demand for apprenticeship schemes – focusing apprenticeships on the specific needs of businesses.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			10. Promote and raise awareness of initiatives such as the Government's 'Connect to Success NI', which is a free online portal (for employers and prospective employees) that exclusively advertises apprenticeships and school work experience opportunities.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			11. Support a 10% increase in the number of individuals within the Mid Ulster area participating on Apprenticeships (within the Apprenticeships NI Framework) from a baseline position of 919 (as of July 2017).	Skills Forum with relevant key responsible departments & stakeholders	Long term
3. ENGAGE **We want to improve how businesses engage with key stakeholders**	**G. Improve engagement with prospective employees**	Increase supply of labour to increase volume and diversity	12. Establish additional thematic/sectoral sub-groups of the Mid Ulster Skills Forum, which should focus on, and have a remit for, the development of each of the Council's six priority sectors. These groups should, amongst other things, define the future needs of individual sectors and, where appropriate, instigate sector specific collaborative opportunities beyond the Mid Ulster area e.g. to pursue, in conjunction with other Council areas, the development of a Manufacturing Strategy for NI.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			13. Expand the 'tasty careers' initiative for the food & agri-food sector.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			14. Replicate the 'tasty careers' initiative for other priority sectors.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			15. Expand on existing, or establish new, social media channels (on twitter e.g. @midulsterjobs) for businesses to, through a centralised search point, advertise existing posts/vacancies, work placements and apprenticeship opportunities.	Skills Forum with relevant key responsible departments & stakeholders	Short term

Strategic Priority	Action	Rationale	Activities	Lead	Timeframe
3. ENGAGE **We want to improve how businesses engage with key stakeholders**	**H. Improve engagement with education providers**	Perception and inspiration – there are opportunities to inspire the future workforce	16. Consider strategies to better coordinate education providers and businesses. For example, this may include expanding existing school/college partnerships with businesses or re-establishing former initiatives such as the Business Education Partnerships (previously funded through DfE and DE).	Skills Forum with relevant key responsible departments & stakeholders	Short term
			17. Through existing or new school/college partnerships with businesses, develop a structured approach (to include sectoral communication plans) which should serve to formalise the practicalities of businesses engaging with education providers e.g. when businesses engage, how often, who they engage with, through what means etc. This approach should be 'tiered' and adapted as students' progress through the education system e.g. different types of information/engagement for different age groups.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
			18. Through existing or new school/college partnerships with businesses, agree on practical methods for businesses to engage, in a joined-up manner, with careers teachers, students and parents (as they are the key 'influencer' in students' future careers options). For example: • More widespread use of social media channels e.g. case study materials/profiles identifying the type of roles, skills required, opportunities available etc. • Facilitated site visits, open nights or insight/exploration days for students and parents, preferably outside of school hours (where possible). • Career fairs/days e.g. 'Mid Ulster Jobs Fair' - facilitated in non-school environments e.g. Council (local civic centres) or business premises (this might include businesses organising transport to and from the schools). Where possible, this should involve existing jobs fairs delivered by DfC in conjunction with local Councils. • Bursaries or sponsorships. • Guest speakers or sector 'Ambassadors' e.g. local business leaders under 35 years old who provide a 'view from the younger generation'. • Work experience gained through business placements and/or internships – these can provide opportunities for students to learn about a particular sector or type of work and determine whether it is the right field for them. They also play a useful part in strengthening students' employment readiness.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	I. Improve engagement with existing Government strategies and initiatives	Lack of awareness of what initiatives are available to businesses	19. Promote and raise awareness of the various programmes that are available to businesses located in the Mid Ulster area.	Skills Forum with relevant key responsible departments & stakeholders	Short term

Strategic Priority	Action	Rationale	Activities	Lead	Timeframe
4. RETAIN / SUSTAIN **We want to 'future proof' skills and capability**	**J. Develop pipeline of new initiatives/incentives**	Support businesses sustain skills and capability	20. Explore, in conjunction with DfE and DfC, the potential for additional support to be provided for older apprentices (i.e. those over 25 years old) and those categorised as economically inactive in the marketplace.	Skills Forum with relevant key responsible departments & stakeholders	Short term
			21. Explore, in conjunction with SWC and other stakeholders, the potential for additional support to be provided towards the development of an advanced Manufacturing & Engineering Innovation Centre/Facility in the Mid Ulster area.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	K. Support technological change and automation	Finding the right balance of technology and human capital will enable both businesses and people to succeed	22. Raise awareness of existing, and/or develop new, initiatives to support businesses to implement technological change and/or automation to redress the existing and potential future labour shortages.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
			23. Raise awareness of existing, and/or develop new, initiatives to support businesses to invest in training, reskilling and education for those displaced by automation and embrace new working models. Whilst future labour demand could be in occupations created by automation that do not yet exist, there is a need to think, act and educate now for the benefit of the economy in the future[69].	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	L. Support entrepreneurship/new business skills	Enhance business performance/ competitiveness	24. Raise awareness of existing, and/or develop new, initiatives to support entrepreneurship and leadership development.	Skills Forum with relevant key responsible departments & stakeholders	Medium term
	M. Reduce annual rate of staff turnover amongst businesses		25. Support 80%+ of business respondents indicating that their annual rate of staff turnover is, as of 2021, 5% or less (from a baseline position of 71%, N=188[70]).	Skills Forum with relevant key responsible departments & stakeholders	Long term
5. SUCCESS **We want to implement the Strategy and Action Plan and measure success in tangible metrics**	**N. Continuation of the Mid Ulster Skills Forum**	Supports the implementation of the Strategy and Action Plan and the achievement of associated outcomes	26. Maintain the collaborative and partnership working of the Mid Ulster Skills Forum	Skills Forum with relevant key responsible departments & stakeholders	Short term
	O. Reformat sub-groups of the Mid Ulster Skills Forum		27. Reformat sub-groups of the Mid Ulster Skills Forum to best support the Strategy and implementation of the Action Plan.		Short term
	P. Seek resources and finance for Strategy and Action Plan implementation		28. Discuss and agree with key stakeholders/partners the resources and finance required to implement and fulfil Strategy and Action Plan.		Short term

[69] Source: 2017 Knowledge Economy Report (Connect at Catalyst Inc., January 2018).
[70] Source: Survey Findings, as per Statistical Appendix (Cogent Management Consulting, March 2018).

6.5 Wider Considerations

The above Action Plan should be seen as a living document that is reviewed and updated in response to emerging opportunities and changes in the employment and skills landscape over time. At the time of writing, the Consultancy Team has identified that such opportunities and changes might involve:

The Apprenticeship Levy	Businesses must have confidence that the apprenticeship levy system, and the funding available for skills, can deliver what they need. Each sector has very different skills needs, structures and routes to progression and businesses require flexibility to train according to their specific needs.
Brexit	With the advent of Brexit, competitiveness has never been more important – appropriately skilled labour is vitally important for businesses' competitiveness. The Brexit sub-group of the Mid Ulster Skills Forum is tasked with identifying new opportunities and key challenges, as the final position relating to Brexit becomes clearer.
Welfare reform	Given the recent changes to the welfare system in Northern Ireland, the Skills Forum may, for example, identify future opportunities to explore the challenges associated with attracting long-term unemployed back into the labour market.

Appendix III – Qualifications Framework

Level	Framework for higher education qualifications in England, Wales and Northern Ireland	Regulated Qualifications Framework for England and Northern Ireland
8	Doctoral Degrees	Technical/Vocational Qualifications Level 8
7	Master's Degrees, Integrated Master's Degrees, Postgraduate Diplomas, Postgraduate Certificate in Education (PGCE), Postgraduate Certificates	Technical/Vocational Qualifications Level 7
6	Bachelor's Degrees with Honours, Bachelor's Degrees, Professional Graduate Certificate in Education (PGCE), Graduate Diplomas, Graduate Certificates	Technical/Vocational Qualifications Level 6
5	Foundation Degrees, Diplomas of Higher Education (DipHE) Higher National Diplomas (HND)	Technical/Vocational Qualifications Level 5, Higher National Diplomas (HND)
4	Higher National Certificates (HNC), Certificates of Higher Education (CertHE)	Technical/Vocational Qualifications Level 4 Higher National Certificates (HNC)
3	Access to HE Diploma	Technical/Vocational Qualifications Level 3, GCE AS and A Levels
2		Technical/Vocational Qualifications Level 2 GCSEs at grade A* - C (NI) Essential Skills Qualifications (NI)
1		Technical/Vocational Qualifications Level 1. GCSEs at grade D-G Essential Skills Qualifications (NI)
Entry Level		Entry Level Certificates (sub levels 1-3), Essential Skills Qualifications (NI)

MID ULSTER
SKILLS REPORT & ACTION PLAN

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