

General Background

From the consultation paper it seems that the objective is to drive continued reform, quality and performance across the FET and HE sectors, in line with the Action Plan for Education, and the view is that a significant programme of reinvestment now needs to be initiated in order to address demographic challenges and continue to deliver the quality graduate outcomes necessary to meet national economic and social objectives.

We would agree that continued reform, quality and performance across the FET and HE sectors is necessary and many positive steps have been taken in recent years. We would also agree that education should help meet national economic and social objectives.

However, there are number of ideas put forward in the consultation paper that are based on assumptions with which we would not necessarily agree.

We believe that there are many issues with HE, including high drop out rates, the high labour cost and the fact that industry does not see graduates as work ready. Benchmarking increased salaries significantly in the early 00's. In the private sector salaries significantly reduced during the recession. However, salaries in the public sector have not been benchmarked since. It would be highly likely that salaries should be significantly reduced in the public education sector if this were to be the case. Benchmarking was also supposed to include performance management. This regrettably was never implemented. It would also make us nervous of the likelihood of any suggested additional funding being successfully monitored and performance related.

The high rate of participation and graduation from HEs in Ireland may not necessarily be a positive factor. It is likely that many follow this route due the lack of, or the perceived lack of, other quality options. This could contribute to the drop out rate. There is also a perception that the quality of graduates is reducing. We need alternative high quality training and education routes that don't necessarily lead to a degree, e.g. traineeships and apprenticeships.

Private Provision

There is also an assumption in the document that the only training and education provision is via the state. There is already an added investment by industry in the development of their staff that is not directly funded by government or the NTF. Many, if not all, companies invest in the development of their staff on the job and by using private providers. Private providers are often chosen over state provision due to their relevance, flexibility and standards provided. In the case of SMEs, it is important for training and education to be contextualised and integrated into the organisation, i.e. applied. Many roles in SMEs are not in silos and so therefore need a more adaptable curriculum than that which is currently offered if participating in formal education and training provided by the public sector. It is unfair to expect private enterprise to pay for something that does not meet their needs.

Life-Long Learning

Life-long learning is clearly on the agenda for DES. It would therefore make sense for any additional PRSI contribution to be specifically for those in employment. There is also a need in public provision to improve flexibility in provision and routes for those in employment and those who want to reskill and upskill.

SMEs

It should also be pointed out that there is a high relative cost of labour in SMEs. The average cost of labour in large organisations is 8% while on average it is 48% in SMEs and can be as high as 78% in some labour intensive sectors, such as hospitality. This means that any increase in PRSI is felt

between 6 and 10 times more by SMEs than the large companies. There is also the time requirement, etc. that has an additional knock on effect. It is imperative that the needs of SMEs are taken into account should this levy go ahead. It is extremely disappointing to see that there is not one SME representative on the National Skills Council. SMEs are the biggest employers in the State, (52%) and are essential to the rural economies. Many of the new structures such as the Regional Skills Fora, while potentially engaging with the cohort are still limited in what they are doing. It is early days yet and we believe that these are an excellent initiative but it is important that SMEs are brought into the engagement process. They are difficult to engage with but this should not stop them clearly being on the agenda for the Department of Education and Skills.

General Conclusion

All of the above point for the need for any potential additional funding in the NTF, raised through an increase in PRSI, to

- be specifically for those in employment
- be performance managed
- be skewed in favour of SMEs.

Where the money is allocated should be reported on separately with clear KPIs and a clear indication of what has been additionally achieved for the additional PRSI payment should be made. This should be reviewed after year 1 and if the ROI for employers cannot be specifically seen then there should be no further increases. There should also be compulsory CPD for provider staff and there needs to be a National Programme for SME Management Development, that is not just for EI clients.

Response to Questions asked in Consultation Paper

Q1

Is an increase in the NTF levy as set out in this consultation paper the most appropriate way to meet the recommendations of the Expert Group report regarding enhanced employer funding contributions? Or are there alternative models such as partnerships with education providers or direct employer contributions, of the scale required to deliver the same result in a more effective manner, given the level of increased levy revenue being indicated?

No, we don't believe it is the most appropriate way. If, as the paper alludes, the benefit is to be for employers from the Education system then there should be a very specific agenda regarding for what it is used. Very little of the NTF goes to those in employment. This should be increased as there is a need in cross skilling and upskilling of those already in the labour force. It would be better either to make it compulsory for employers to spend the extra 0.3% of the person's salary directly on training or education provision as they see fit or to leave it as is, where the spend is discretionary. There are enough pressures on SMEs today regarding employing people without adding to their concern, e.g. Brexit, redundancy costs, etc. Also, it is not necessarily the case that the public sector providers are the most appropriate for their needs.

The partnership model may be appropriate to the large companies but would be impossible for SMEs in the main.

Q2

What are the implications for the National Training Fund Act in a changed landscape of employer-education engagement?

It is difficult to say without knowing exactly what the changed landscape will be.

Q3

In what ways can increased National Training Fund Levy contributions be linked to (i) identifiable skills needs, (ii) the workforce development agenda and (iii) the local, regional and national roles of institutions?

There needs to be very clear KPIs and the extra funding allocated to specific projects in these areas. They need to be monitored and reviewed and ROI established before continuing with it. If this is to be the route chosen, money should be very clearly earmarked for specific projects/programmes. It would be possible that institutions (both private and public) could tender for an allocation based on clearly identified needs, in a similar way that the Skillnet networks apply for funding every two years, or in the way that Springboard and Momentum were monitored.

Q4

How can increased National Training Fund levy contributions be used to support further forms of employer-education engagement, flexible forms of education and training delivery, and, the education and training outcomes required to meet forthcoming skills needs?

Flexible forms of education and training delivery and meeting forthcoming skills needs should be on the current agenda and not need additional funding. They should be part of the current business-as-is model.

We believe that there is a need for the development (maybe adaptation of what is out there already) of a portal, which employers can access to find out what they need to know about any institution with whom they might be interested in engaging. This would list and explain the areas that they can engage with institutions, e.g. work placement, site visits, curriculum development, presenting to students, projects, theses subjects, etc., so that they have an understanding of what is available to them. They should be guided to a suitable point of contact who will find the person they need to engage with if they are interested in pursuing any of these. This should be centrally resourced, possibly via the Regional Skills Fora, and ideally be national rather than regional. This would need to be suitably promoted and disseminated through all channels possible.

Q5

Is the manner in which we develop, nurture and deploy talent central to HE and FET and other sectoral strategies?

Not currently.

Q6

Are there skills gaps existing or emerging which require a more coherent response from the HE and FET sectors?

There are none that we would have details on.

Q7

How can better partnerships be forged between education and enterprise?

There is a need for the public sector to understand that SME employers see their role as employing people and keeping their business going. Education and training can be a factor in this but it is not necessarily a priority. They are therefore difficult to engage as they are incredibly time poor and in general only react or engage when they have a need. As SMEs by their nature are highly fragmented, both sectorally and regionally, they are not as easy to engage with as larger companies. However, this does not mean that there is not a need out there.

- What is provided needs to be more flexible, with the possibility of the company adapting the assessment, curriculum, etc. to meet their needs. This is not to say that the learning outcomes cannot be met but that the format be less prescriptive. For example, it should be

possible for the participant to select relevant modules and for the assignment to be made applicable to the company in practice.

- Having one point of contact in the institution for businesses to contact and for them to guide them to who will meet their needs.
- Increase flexibility in delivery and the development of relevant programmes, as well as speed. (This does not have to impact quality.)
- It needs to be very clear what is available for enterprise in any given institution. There needs to be a policy in place in each institution around enterprise engagement so that there is a consistency in what is available, e.g. can employers get engaged in curriculum development or are they only required for some delivery? SME engagement should be part of all institutions strategic plans.