

OECD Skills Studies

OECD Skills Strategy Northern Ireland (United Kingdom)

ASSESSMENT AND RECOMMENDATIONS

REPORT SUMMARY



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Foreword

Developing relevant skills and using them effectively is crucial for Northern Ireland's ability to thrive in an increasingly interconnected and rapidly changing world.

In recent years, Northern Ireland has made significant progress in strengthening its skills system, and economic, and social performance. However, there will be significant challenges in the short- to medium-term in the wake of the COVID-19 (coronavirus) pandemic, with inevitable increases in the unemployment rate, significant detrimental impacts to health, and reduced demand for goods and services. COVID-19 is uniquely disruptive, by reducing supply through upsetting existing supply chains and halting production, as well as reducing demand by causing a steep drop in consumption and confidence. In a rapidly changing environment, it is difficult to quantify at this time the exact magnitude of the impact on Northern Ireland's economy, since the recovery will depend on many factors, including the magnitude and duration of Northern Ireland's shutdown, the extent of reduced demand for goods and services in other parts of the economy, and the speed at which significant fiscal and monetary policy support takes effect.

This disruption will accelerate certain trends identified in this report, such as digitalisation, as individuals are forced to learn and work remotely. On the other hand, other trends may be decelerated, such as globalisation, due to reductions in migration and consumption. Moreover, COVID-19 will lead to higher levels of unemployment and economic inactivity, as workers are laid-off from businesses which are struggling to remain afloat, or which are forced to close entirely. The resulting changes in behaviour and consumption, in turn, have the potential to impact on where the jobs of the future lie, and by extension, the skills requirements to undertake these jobs. In this context, a resilient and responsive skills system has the potential to have a significant role to play in Northern Ireland's economic recovery.

In recent years, Northern Ireland already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of these challenges. Building on a tradition of skills strategies, including the 2011-2020 overarching strategy *Success through Skills - Transforming Futures*, Northern Ireland is currently developing a new skills strategy. This report, together with a number of other recent studies and evaluations, will be one of the main inputs for this new strategy. The OECD worked collaboratively with Northern Ireland to develop policy responses which are tailored to specific skills challenges and needs. The process involved detailed analysis and widespread engagement with over 200 stakeholders, leading to the several recommendations outlined in this report.

The OECD stands ready to support Northern Ireland further, particularly in light of the enormous challenges now emerging as a result of the COVID-19 pandemic, as it seeks to implement effective skills policies and continues its transition to a knowledge-based economy and society.

Executive summary

OECD-Northern Ireland collaboration on the OECD Skills Strategy project

This OECD Skills Strategy project provides Northern Ireland (United Kingdom) with tailored findings and recommendations on its skills performance from an international perspective. It was launched at the Skills Strategy Seminar in Belfast in September 2019 and, during two further missions to Northern Ireland in October 2019 (the Assessment Mission) and January 2020 (the Recommendations Mission), the OECD engaged with a range of departments and government agencies and over 200 stakeholders in interactive workshops, group discussions and meetings in Belfast, Derry/Londonderry and Dungannon. This process provided invaluable input that shaped the findings and recommendations in this report.

Key findings and opportunities for improving Northern Ireland's skills performance

In recent years, Northern Ireland has made significant progress in strengthening its skills and economic performance. Skills of youth have been improving and are now above the OECD average in reading, mathematics and science, and the share of the labour force with a tertiary education has risen. Moreover, Northern Ireland's economic output has been steadily increasing, and other areas continue to see progress, with education, jobs, health and accessibility to services all improving over the past two decades since the Good Friday Agreement.

The COVID-19 pandemic will likely reverse much of this positive performance. While the public health crisis requires the most immediate policy focus, large-scale policy responses will be required to provide immediate support to those affected, as well as to promote economic recovery once containment measures are lifted. Skills policies are an essential component of any exit strategy. Skills can have a positive impact on the economic recovery, and a resilient and adaptable skills system can help to mitigate economic and social shocks in the future and could help to prepare for challenges posed by megatrends, such as digitalisation and technological change, an ageing population, and climate change.

Other persistent and future challenges remain. Northern Ireland continues to experience high rates of economic inactivity, its labour productivity rate is 17% below the United Kingdom (UK) average and, despite improvements, the economy is still characterised by several large, low value-added sectors. Furthermore, current and projected skills imbalances present challenges for skills systems and the labour market, skill levels of adults are below those of many other OECD countries, and employees are not using their skills to their full potential in workplaces. Moreover, many of these skills challenges are rooted in poor governance arrangements across policy areas and levels of government.

Northern Ireland has already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of these challenges. Building on a tradition of skills strategies, including the 2011-2020 overarching strategy *Success through Skills - Transforming Futures*, Northern Ireland is currently developing a new skills strategy. To support this process, the OECD and the government of Northern Ireland identified four priority areas for improving Northern Ireland's skills performance, which are the focus of this report. The key findings and main recommendations are summarised below.

Reducing skills imbalances

Skills imbalances can negatively affect economic growth through their effects on increased labour costs; lower labour productivity growth; and slower adoption of new technologies. Reducing skills imbalances could therefore help Northern Ireland to enjoy significant economic and social benefits. To reduce skills imbalances, Northern Ireland should: enhance the provision of career guidance; strengthen the responsiveness and flexibility of the tertiary education and VET systems; reduce economic inactivity to minimise skills shortages; and improve labour mobility to meet skills demand.

The main recommendations are:

- Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards.
- Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes.
- Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility.

Creating a culture of lifelong learning

A culture of lifelong learning can be defined as the shared set of beliefs, values and attitudes, and resulting behaviours, which are favourable towards learning across the life course. Creating a culture of lifelong learning is crucial to ensuring that individuals actively participate in adult learning after leaving the compulsory education system. To create a culture of lifelong learning, Northern Ireland should: start the development of a culture of lifelong learning early in life; increase motivation of adults to learn; and remove barriers to access adult learning opportunities for individuals and employers.

The main recommendations are:

- Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners.
- Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships.
- Extend the offering of blended (i.e. including an online component) approaches in further education (FE) colleges, by developing a common online learning platform.

Transforming workplaces to make better use of skills

The effective use of skills in workplaces has potential benefits for employers, employees and society as it can help raise productivity and innovation in businesses, and help increase wages and job satisfaction for employees. Public policy makers can work with employers to help create the conditions or provide direct support for strengthening skills use in workplaces. To this end, Northern Ireland should: strengthen management and leadership capabilities; develop engaging and empowering workplaces; and strengthen support structures for businesses.

The main recommendations are:

- Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action.
- Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones.

- Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools.

Strengthening the governance of skills policies

Effective governance arrangements are essential to support Northern Ireland's performance in developing and using people's skills. The success of skills policies typically depends on the responses and actions of a wide range of actors (e.g. government, educators, workers, employers). To strengthen the governance of skills policies, Northern Ireland should: effect sustainable funding arrangements and commitment for an overarching strategy for the skills system; increase co-ordination and information distribution across the whole of government; and improve employer engagement in the governance of skills policies.

The main recommendations are:

- Commit all relevant decision makers and ministers (including the first minister and deputy first minister) to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland.
- Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies.
- As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise government on skills policy.

1 Key insights and recommendations for Northern Ireland

This section summarises the context, key insights and policy recommendations of the OECD Skills Strategy Assessment and Recommendations project in Northern Ireland (United Kingdom). It applies the OECD Skills Strategy Framework to assess the performance of Northern Ireland's skills system and based on this assessment, four priority areas for action were identified by the OECD in collaboration with the Northern Ireland Project Team. This section provides an overview of the policy context for, and summarises the key findings and recommendations in, each of the four priority areas. Chapters in the full report provide more details on the opportunities for improvement, good practices and policy recommendations for Northern Ireland in each priority area.

Skills matter for Northern Ireland

Skills are vital for enabling individuals and countries to thrive in an increasingly complex, interconnected and rapidly changing world. Countries in which people develop strong skills, learn throughout their lives, and use their skills fully and effectively at work and in society are more productive and innovative, and enjoy higher levels of trust, better health outcomes and a higher quality of life. As new technologies and megatrends increasingly shape our societies and economies, getting skills policies right becomes even more critical for ensuring societal well-being and promoting growth that is inclusive and sustainable.

In recent years, Northern Ireland has made significant progress in strengthening its social and economic performance. Since 2013, Northern Ireland's economic output has been steadily increasing; the labour market is strong, with an unemployment rate at a record low of 2.4% in October-December 2019 (the United Kingdom [UK] average is 3.8%); and Northern Ireland performs strongly in a number of well-being areas, with a supportive community, low levels of air pollution and high levels of safety (NISRA, 2020^[1]; OECD, 2018^[2]). Other areas continue to see progress, with education, jobs, health, and accessibility to services all improving over the past two decades, since the Good Friday Agreement (OECD, 2018^[2]). However, much of this is likely to change in the wake of the COVID-19 (coronavirus) pandemic, with inevitable increases in the unemployment rate, significant detrimental impacts to physical and mental health, both as a result of the virus as well as from containment measures, and reduced demand for goods and services.

Other persistent and future challenges remain. For instance, Northern Ireland continues to experience high rates of economic inactivity among the working age population, and its labour productivity is 17% below the UK average, which is itself below the OECD average. Despite improvements, the economy in Northern Ireland is still characterised by several large, low value-added sectors (ONS, 2018^[3]; NISRA, 2019^[4]). Even across industries, sectoral productivity is lower than the UK average in 16 out of 20 sectors (Johnston and Stewart, 2019^[5]). Megatrends such as digitalisation, demographic change, climate change and globalisation will undoubtedly affect Northern Ireland, transforming jobs and the way people consume, interact and spend their time. As a result of the impact of the COVID-19 pandemic especially, people will increasingly need to upgrade their skills to perform new tasks in their existing jobs, or acquire new skills for new jobs, as well as to adapt to new modes of behaviour, consumption and work.

Digitalisation and demographic change present challenges for Northern Ireland

Rapid advances in technology are transforming how people live and work. Innovations in artificial intelligence, big data and other information and communications technologies (ICTs) present an opportunity to improve productivity and spur growth (OECD, 2019^[6]). Recent research points to the potential for automation to generate up to 70 000 jobs in Northern Ireland by 2030, along with a boost in productivity growth that could not otherwise be achieved solely through reliance on the human workforce (Johnston et al., 2019^[7]). However, digitalisation will also fundamentally change the nature of many jobs and lead to the complete, or quasi-complete, automation of others. Compared to other OECD countries, the UK has a relatively low level of exposure to jobs that are at risk of being automated. Nonetheless, within the UK, Northern Ireland is the region with the highest share of jobs threatened (OECD, 2018^[8]). Moving forward, Northern Ireland will need to encourage the development of sectors more resilient to automation, as well as consider interventions and investment to accelerate appropriate automation.

Population ageing will also profoundly impact Northern Ireland's economy. Despite a projected marginal rise in the working age population between 2020 and 2030, the sharp rise in people aged 65 and above is mainly driving population growth in Northern Ireland. The share of people aged 65 and above is expected to increase from 17% in 2020 to 21% by 2030. Compared to the rest of the UK, Northern Ireland will see the largest percentage increase in pensioners, and the largest percentage decrease in children (aged 0-15) between 2018 and 2043 (NISRA, 2019^[9]). Population ageing can lead to labour shortages, with fewer

qualified workers entering the labour force, and it could negatively affect economic growth (OECD, 2019^[6]). More money, from a proportionally smaller tax base, will be required to fund pensions, healthcare and other services for the elderly. Improving productivity will, therefore, become even more important to continued economic growth in Northern Ireland.

These challenges will need to be faced in the context of climate change action, which will have substantial implications for labour market demand. Some new “green jobs” will be created, whereas others could be eliminated without replacement, or substituted. However, many existing jobs will also be transformed and redefined in terms of day-to-day tasks and methods (ILO, 2017^[10]; Martinez-Fernandez, Hinojosa and Miranda, 2010^[11]).

Globalisation and the UK’s exit from the European Union create challenges and new scenarios

All OECD countries are now integrated to some degree in global value chains (GVCs), with products designed, manufactured, and assembled across different countries (OECD, 2019^[6]). This has strongly affected the competitiveness and success of different economic sectors, as well as the supply of jobs and demand for skills in the labour market across OECD countries (OECD, 2017^[12]). Northern Ireland is particularly dependent on external investment and has been more successful in recent years in attracting foreign direct investment (FDI) than most other UK regions.

Northern Ireland faces a unique set of challenges to its future competitiveness within GVCs. Should the UK’s exit from the European Union (EU) lead to trading barriers either with EU countries or between Northern Ireland and the rest of the UK, the impact will be keenly felt by businesses in Northern Ireland. Some 32% of total sales by businesses in Northern Ireland occur outside of Northern Ireland, with 17% of total sales going to the rest of the UK, and 57% of exports going to the EU, including 38% to the Republic of Ireland alone (NISRA, 2019^[13]). Similarly, the impact of recent decreases in the levels of inward migration, upon which Northern Ireland has depended to address local skills shortages, may be exacerbated following the UK’s exit from the EU. Furthermore, Northern Ireland shares a border with the Republic of Ireland with an average of 100-110 million border crossings each year (Department for the Economy, 2018^[14]). Uncertainty is already having an impact on business investment and, depending on how the UK’s exit from the EU is delivered, economic disruption may be deeply felt. However, the UK’s exit from the EU could also open a number of new positive scenarios. For example, while tighter rules over immigration may create skills pressures for employers, they may also generate better job prospects for adults who are able to develop the skills in demand.

The COVID-19 pandemic is an unprecedented economic shock for Northern Ireland

The COVID-19 pandemic is the third global economic, financial and social shock to take place during the 21st century, after the terrorist attacks of 11 September 2001 and the financial crisis of 2008. It will also be the worst (OECD, 2020^[15]). At the time of writing, it is unclear how long quarantine measures adopted in countries will last, when people will be able to return to education and training, or employees to their places of work. However, we can likely assume that COVID-19 will present many challenges for both skills development and use.

The economic fallout will be felt for years to come. COVID-19 is uniquely disruptive, by reducing supply through upsetting existing supply chains and halting production, as well as reducing demand by causing a steep drop in consumption and confidence (OECD, 2020^[15]). In a rapidly changing environment, it is difficult to quantify at this time the exact magnitude of the impact on gross domestic product (GDP) growth. However, it implies sharp contractions in the level of output, household spending, corporate investment and international trade. The implications for annual GDP growth will depend on many factors, including the magnitude and duration of national shutdowns, the extent of reduced demand for goods and services in other parts of the economy, and the speed at which significant fiscal and monetary policy support takes

effect. What is clear, however, is that it will significantly reduce travel, migration, and trade due to the restrictions being placed on the flow of both people and goods. These disruptions will accelerate certain trends identified in this report, such as digitalisation, as individuals are forced to quickly develop the skills to allow them to learn and work remotely, and innovation as both businesses and individuals are forced to problem-solve and adapt to change. Moreover, COVID-19 will lead to higher levels of unemployment and economic inactivity, as workers are laid off from businesses that are struggling to remain afloat, or that are forced to close entirely. On the other hand, the crisis is likely to lead to an increase in demand for health-related professions.

The resulting changes in behaviour and consumption, in turn, have the potential to impact where jobs of the future lie, and by the extension, the skills requirements to undertake these jobs. In this context, a resilient and responsive skills system will have a significant role to play in Northern Ireland's economic recovery.

Skills should be at the core of the policy response

The above megatrends and the economic shock following COVID-19 reinforce the need for Northern Ireland to have a forward-looking, dynamic skills strategy. While countries' immediate reaction to COVID-19 should rightly focus on minimising the loss of life and health, they should not disregard the impact that skills can have on their economic recovery, through increasing productivity, competitiveness and innovation. A strong and effective skills system with a long-term vision should be sufficiently resilient and adaptable to allow for appropriate reactions and mitigations to such economic and social shocks.

In these circumstances, the recommendations identified in this report will take on even greater significance. To thrive in the world of tomorrow, people will need a stronger and more comprehensive set of skills. Strong foundational skills will make people more adaptable and resilient to changing skills demands, and digital, transversal, social and emotional, and job-specific skills (see Box 1.1) will become increasingly essential for adults to succeed in both work and life. High-quality and inclusive education, training, and lifelong learning should be accessible for everyone to enable full participation in society and to manage the transitions in the labour market successfully. More adults will need more opportunities to upskill and retrain. Learning providers will need to create more flexible and blended forms of learning. Firms will have to adopt more creative and productive ways of using their employees' skills. Finally, robust governance structures will be needed to ensure that reforms are sustainable.

Box 1.1. A wide range of skills is needed for success in work and life

The *OECD Skills Strategy 2019* identifies a broad range of skills that matter for economic and social outcomes, including:

- **Foundational skills**, including literacy, numeracy and digital literacy.
- **Transversal cognitive and meta-cognitive skills**, including critical thinking, complex problem solving, creative thinking, learning to learn and self-regulation.
- **Social and emotional skills**, including conscientiousness, responsibility, empathy, self-efficacy and collaboration.
- **Professional, technical and specialised knowledge and skills**, needed to meet the demands of specific occupations.

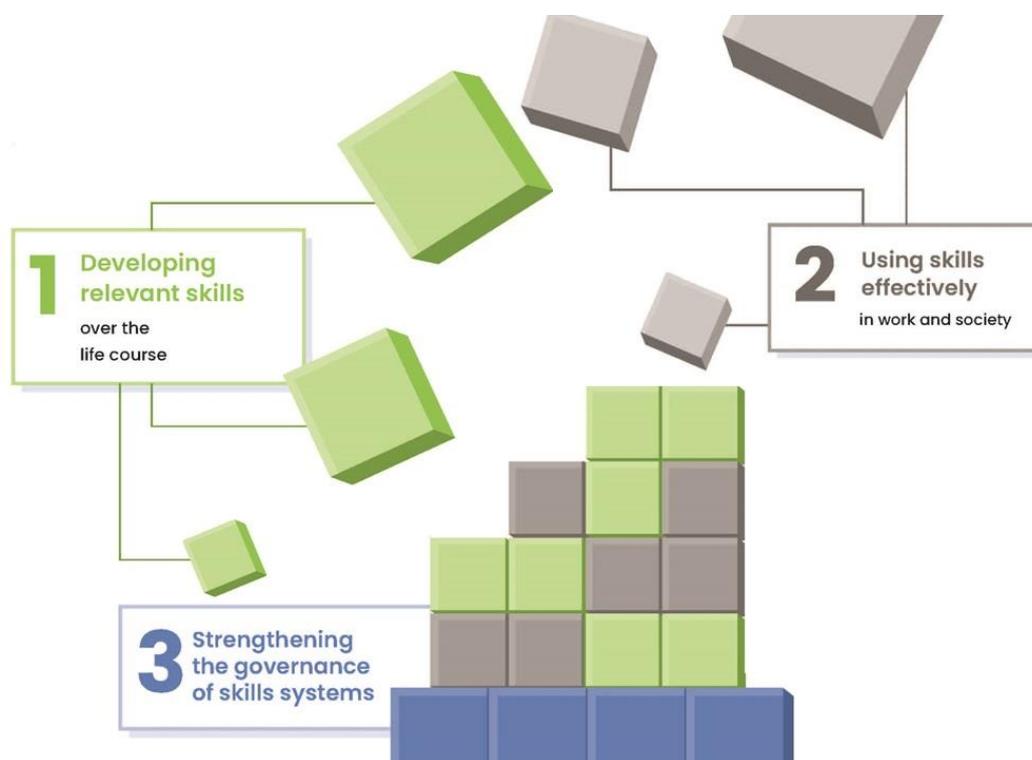
Source: OECD (2019^[6]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>.

The OECD Skills Strategy project in Northern Ireland

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities and build more effective skills systems. The OECD collaborates with countries to develop policy responses tailored to each country's specific skills challenges and needs. The foundation of this approach is the OECD Skills Strategy Framework (see Figure 1.1), the components of which are:

- **Developing relevant skills over the life course:** To ensure that countries are able to adapt and thrive in a rapidly changing world, all people need access to opportunities to develop and maintain strong proficiency in a broad set of skills. This process is lifelong, starting in childhood and youth and continuing throughout adulthood. It is also “life-wide”, occurring both formally in schools and higher education, and non-formally and informally in the home, community and workplaces.
- **Using skills effectively in work and society:** Developing a strong and broad set of skills is just the first step. To ensure that countries and people gain the full economic and social value from investments in developing skills, people also need opportunities, encouragement and incentives to use their skills fully and effectively at work and in society.
- **Strengthening the governance of skills systems:** Success in developing and using relevant skills requires strong governance arrangements to promote co-ordination, co-operation and collaboration across the whole of government; engage stakeholders throughout the policy cycle; build integrated information systems; and align and co-ordinate financing arrangements. The OECD Skills Strategy project for Northern Ireland adopted this approach by forming an interdepartmental project team to support the whole-of-government approach to skills policies, and by engaging a broad variety of stakeholders.

Figure 1.1. The OECD Skills Strategy Framework



Source: OECD (2019^[6]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>.

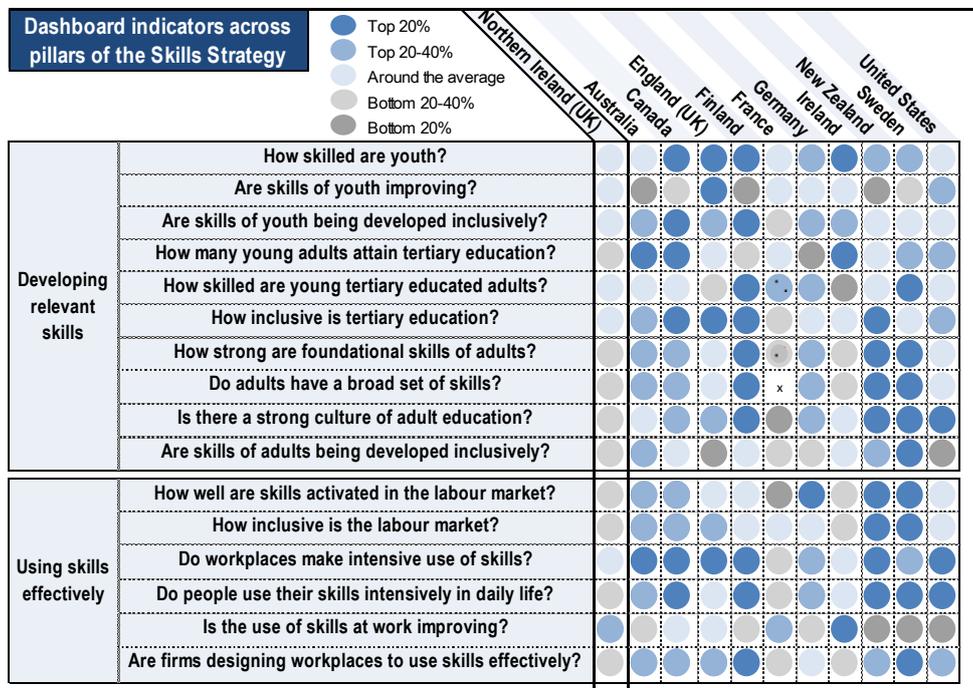
The OECD Skills Strategy project for Northern Ireland officially started with a Skills Strategy Seminar on 24 September 2019. As part of the project, two main missions to Northern Ireland were organised to develop a constructive dialogue between government actors and stakeholders in order to cultivate a shared understanding of skills challenges and opportunities as a basis for action. An Assessment Mission (15-18 October 2019) was undertaken to discuss Northern Ireland’s performance in four priority areas, to identify potential opportunities to improve performance and to start the discussion on areas for potential recommendations. A Recommendations Mission (21-24 January 2020) was organised to test and refine a list of draft recommendations and to identify specific actions that need to be undertaken. In workshops in Belfast, mini-workshops in Derry/Londonderry and Dungannon, and various group discussions and meetings, the OECD Skills Strategy project engaged over 200 stakeholders, representing employer associations, trade unions, education providers and research institutions (see Annex A in the full report for more information on engagement activities).

The majority of the report was therefore written before the outbreak of the COVID-19 pandemic, and before the impacts of the pandemic became fully apparent. Consequently, this should not be considered a report that recommends how a future Northern Ireland Skills Strategy should respond to these impacts. Nevertheless, where possible, the report draws attention to anticipated areas of concern and how skills systems might be considered as playing a role in their mitigation.

The performance of Northern Ireland’s skills system

The OECD Skills Strategy Dashboard provides an overview of the relative performance of countries across the dimensions of the OECD Skills Strategy (as presented in Figure 1.2). For each dimension of the strategy, there are a number of indicators, some of which are composite indicators, which provide a snapshot of each country’s performance (see Annex 1.A. in the full report for the indicators).

Figure 1.2. OECD Skills Strategy Dashboard: Northern Ireland and selected European countries



Note: These summary indicators are calculated as a simple average of a range of underlying indicators (see Annex 1.A. in the full report). All underlying indicators have been normalised in a way that implies that a higher value and being among the “top 20%” reflects better performance. The “x” indicates insufficient or no available data and dotted circles indicate missing data for at least one underlying indicator.

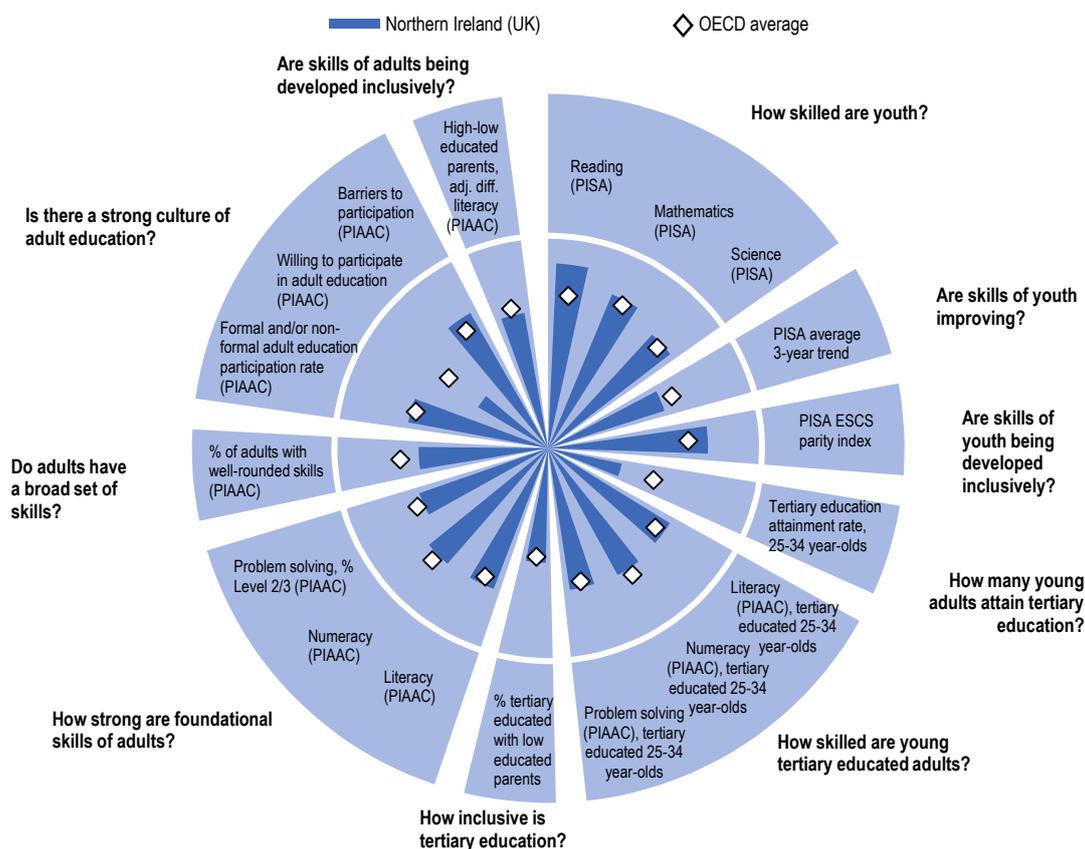
Developing relevant skills

Young people have a comparatively strong set of skills

The skills of youth in Northern Ireland have been increasing in recent decades and are now above the OECD average in reading, mathematics and science. According to the Programme for International Student Assessment (PISA), these skills are being developed inclusively, and young people are improving their skillsets, in line with the OECD average (see Figure 1.3). More students are graduating with a better set of General Certificate of Secondary Education (GCSEs), and more students are staying in education after the age of 16 (when compulsory education ends) to achieve at least three A levels. In 2016/17, 70% of children left school with five or more GCSEs (A*-C) including English and mathematics, compared to 53% in 2005/06, and 40% left with three or more A levels (A*-C), compared to 29% a decade earlier (NISRA, 2019^[16]). These are positive developments that bode well for the future of Northern Ireland’s skills system. With higher levels of skills, young people are in a better position to take advantage of good quality jobs in the labour market.

Figure 1.3. Northern Ireland’s performance on key indicators for developing relevant skills

Relative position in country ranking (based on normalised scores), where higher value reflects better performance



How to read this figure: The normalised scores indicate the relative performance across OECD countries: the further away from the core of the chart, the better the performance. For example, the indicator “Willing to participate in adult education” has a low score compared to the average, indicating a share of employees willing to participate near the bottom of the ranking.

Notes: ESCS refers to the PISA index of economic, social and cultural status. The OECD average is based on the sample of countries/regions assessed in the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC).

Source: See Annex 1.A. in the full report for an explanation of sources and methodology.

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Tertiary education attainment rates have improved, but more can be done to reduce skills imbalances

The share of the labour force with tertiary education has risen in the past decade, from 30.2% in 2007 to 38.4% in 2017 (OECD, 2019^[17]). However, this remains below the average of the UK as a whole, which has 42.7% of the labour force with tertiary education, indicating more can still be done to improve the uptake of tertiary qualifications (OECD, 2018^[18]). This is particularly important as only 10% of new job openings over the coming decade will be accessible to people with qualifications at National Qualifications Framework (NQF) Level 2 or below, and 33% will require at least an undergraduate degree (Ulster University Economic Policy Centre, 2019^[19]).

While overall skill levels of tertiary educated graduates are similar to those in England (United Kingdom) and other OECD countries, skills imbalances remain a problem. Three-quarters of employers lack confidence that they can fill highly skilled roles, which suggests that graduates in some occupations are not well matched to their roles (Ulster University Economic Policy Centre, 2019^[19]). Inclusivity in tertiary education also remains an issue, and more can be done to encourage those from disadvantaged backgrounds or with parents who did not participate in education at a tertiary level, to undertake further study.

Adults' foundational skills are comparatively weak but are improving

The average skill level of adults in Northern Ireland is below that of many other OECD countries (OECD, 2016^[20]). While adults in Northern Ireland have levels of literacy around the OECD average, they are falling behind in problem solving and numerical ability. The share of adults with a well-rounded skill set is therefore relatively low when compared to England and the OECD average. This is caused, in part, by the high level of adults with no qualification at all. In 2017, 16.6% of Northern Ireland residents aged 16 to 64 had no qualifications, compared to just 8.0% of all UK residents. However, in recent years this comparative gap has been closing and by the end of 2019, the figure for Northern Ireland had already fallen to 13.3% (NISRA, 2019^[21]). This is an important, positive trend. Adults will need a well-rounded skillset to take advantage of digitalisation and the transformation of jobs occurring due to megatrends, as well as to be more resilient and adaptable in the uncertain labour market that will follow on from COVID-19. Nonetheless, more can still be done to improve lifelong learning in Northern Ireland.

Many adults are reluctant to participate in lifelong learning

Adults in Northern Ireland are less motivated to participate in lifelong learning than their counterparts in other OECD countries (OECD, 2016^[20]). Only 18% of adults indicated their willingness to participate in some form of formal or non-formal learning, compared to an OECD average of 24%, and 25% in England. Low motivation extends across age ranges, with younger and tertiary-educated adults not engaging in lifelong learning to the same extent as in other countries. As a result, participation rates in adult learning over the last 12 months are lower at 49% of the population, compared to 56% in England (as measured by the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), (OECD, 2019^[22]). According to Eurostat's Labour Force Survey, adult participation rates in education and training in the last month were also below the EU28 average in 2019 (10.9% vs. 11.3%) and well below the EU target of 15% by 2020 (Eurostat, 2019^[23]). This lack of engagement is especially notable given that barriers to participation are no higher than in England and just below the OECD average (OECD, 2020^[24]).

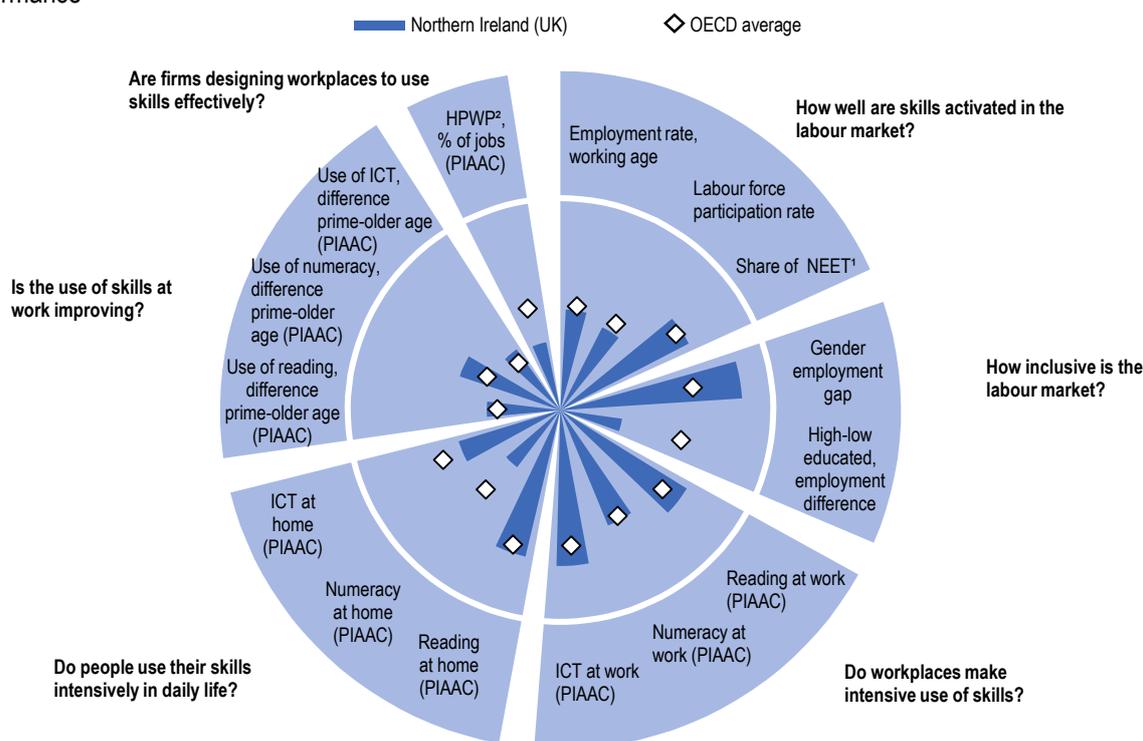
Using skills effectively

Many employees are not yet using their skills to their full potential in the workplace

Northern Ireland businesses make relatively good use of their employees' skills; for instance, the use of computer, literacy and numerical skills is comparable with England and other OECD countries (see Figure 1.4). However, there is still room to further enhance the use of skills in Northern Ireland's workplaces, since many employees are currently not using all the skills they possess. For instance, 37% of employers report skills under-utilisation in their business, by having employees with both qualifications and skills that are more advanced than those required for their current job (UK Department for Education, 2017^[25]). This is higher than the rest of the UK and is particularly prevalent within certain sectors, regions and among charity/voluntary organisations (UK Department for Education, 2017^[25]). Improving skills use at work will be of crucial importance in closing Northern Ireland's productivity gap with the rest of the UK, and could support the economic recovery following COVID-19, through its effect on growth, innovation and competitiveness.

Figure 1.4. Northern Ireland's performance on key indicators for using skills effectively

Relative position in country ranking (based on normalised scores), where higher value reflects better performance



How to read this figure: The normalised scores indicate the relative performance across OECD countries: the further away from the core of the chart, the better the performance. For example, the indicator 'High-low educated, employment differences' indicates performance below the OECD average; i.e. Northern Ireland has a comparatively large difference in employment outcomes between its high- and low-educated workers.

Notes: The OECD average is based on the sample of OECD countries/regions assessed in the Survey of Adult Skills (PIAAC).

1. Youth not in employment, education or training (NEET).

2. High-performance workplace practices (HPWP).

Source: See Annex 1.A. in the full report for an explanation of sources and methodology.

StatLink  <https://doi.org/10.1787/888934127434>

Innovative workplace practices can support effective skills use

The adoption of certain practices in the workplace can have an important impact on the effective use of skills. These practices, collectively known as high-performance workplace practices (HPWP), consist of organisational and management practices, including flexible working arrangements, teamwork and the scope for career progression (OECD, 2019^[6]). Greater adoption of HPWP is correlated with more intensive use of skills in the workplace. There is considerable scope for improvement in the adoption of HPWP in Northern Ireland. Only 21% of businesses have adopted HPWP, compared to an OECD average of 27%, and an uptake of 28% in England (OECD, 2019^[6]).

A high inactivity rate and a low employment rate for low-skilled adults are a concern

While the employment rate is comparable with the OECD average, economic inactivity in Northern Ireland is high, with three out of ten adults either not working or not looking for work (NISRA, 2019^[16]). However, it should be noted that any post-COVID-19 recession will result in a significant increase in both the unemployment and economic inactivity rates. Moreover, participation of low-skilled adults in the labour market is particularly weak – the employment rate difference between higher and lower skilled workers (36%) is much greater in comparison to other OECD countries (28%), and only a few countries perform worse. Moreover, 39% of those currently in the workforce have qualifications equal to NQF Level 4 or above, whereas only 12% of unemployed workers have the same educational attainment level (Ulster University Economic Policy Centre, 2019^[19]). This suggests that there is much greater scope for engaging lower skilled workers through upskilling or unemployment programmes than is currently the case.

Strengthening the governance of skills systems

Sound public governance within skills systems, or across any policy that seeks to improve economic growth and standards of living, is contingent upon a government's ability to co-ordinate, steer, monitor, communicate and work horizontally (across departments and institutions within government) and vertically (with local authorities and with external public and private stakeholders). Many of today's skills challenges across OECD countries are rooted in poor governance arrangements across policy areas and levels of government, as well as with stakeholders; inadequate information on skills and learning outcomes; and inefficient financing mechanisms.

The governance of policies aimed at improving skills outcomes, both in the development and the use of skills, is complex. In Northern Ireland, this governance complexity takes on an additional multi-layered dimension when it is considered that only certain powers are devolved to the Northern Ireland Assembly from the UK Government, with many other significant policy responsibilities remaining reserved at a UK central government level. Furthermore, recent reforms to public administration have devolved additional responsibilities to local councils, although these remain at an early stage of implementation.

The whole-of-government approach to skills policies could be strengthened

The UK generally has high levels of strategic capacity and inter-ministerial co-ordination (Bertelsmann Stiftung, 2019^[26]). However, it has been recognised that despite recent attempts to reform public administration and thereby strengthen the whole-of-government approach in Northern Ireland, there remain indications of limited strategic co-operation between the various departments and government organisations (OECD, 2016^[27]). Northern Ireland, as a devolved UK region with a broad coalition Executive, needs to work in a more co-ordinated and integrated manner to reduce the institutional and administrative barriers that may undermine its ability to address multidimensional challenges (OECD, 2016^[27]).

Co-operation and co-ordination with stakeholders is essential for an effective skills system

A broad spectrum of stakeholders forms a core part of any national skills system, through their provision of funding, facilitation, and/or delivery of education and training. Successful implementation of skills policies cannot, therefore, be restricted to the central government level, but instead requires co-operation from stakeholders throughout the wider community (OECD, 2016^[27]). Co-ordinating effectively with these diverse stakeholders enables policy makers to benefit from their expertise, and to ensure policies acquire a higher level of legitimacy and accountability (OECD, 2019^[6]).

In Northern Ireland, the economy is characterised by a large share of small and medium-sized enterprises (SMEs); as of 2019 they account for 75% of turnover in the private sector, compared with 52% across the UK, and 78% of employment in Northern Ireland compared with 60% across the UK (UK Government, 2020^[28]). This structure presents challenges for stakeholder engagement. SMEs are less likely to engage due to capacity issues, as they have more limited time, staff and finances (OECD, 2019^[17]). Northern Ireland will need to continue to find ways to encourage and facilitate the active involvement of stakeholders at various stages in the policy process.

Sustainable financing will become increasingly important for Northern Ireland

Governance and financing are inexorably linked. Funding for skills in Northern Ireland has come under pressure over the past decade with the Department for the Economy (DfE), for example, seeing a real-terms decrease in the budget in recent years (Gunson, Murray and Williamson, 2018^[29]). Moreover, pressures on skills funding are likely to intensify in the context of a projected recession, when government priorities will focus on addressing issues such as high unemployment. In addition, the European Social Fund (ESF) has been a key funding instrument for the Northern Ireland skills system, and Northern Ireland's access to it is now uncertain because of the UK's exit from the EU. In the past, the ESF has contributed up to 40% of total funding for many skills programmes in Northern Ireland, including apprenticeships (Department for Employment and Learning, 2014^[30]).

The policy context in Northern Ireland

Northern Ireland has already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of the aforementioned challenges (see Annex 1.B. in the full report for a complete overview). In 2011, Northern Ireland launched its skills strategy, *Success through Skills - Transforming Futures*, offering an overarching vision to promote the development of skills up to 2020. It outlined four strategic goals to increase the level of skills of people in employment and encourage greater uptake of science, technology, engineering and mathematics (STEM) subjects (Department for Employment and Learning, 2011^[31]).

A series of *Success* strategies have followed since 2011, each providing recommendations to improve a specific area of Northern Ireland's skills system. For instance, new strategies for further education and higher education were put forward in *Further Education Means Success: The Northern Ireland Strategy for Further Education* in 2016 and *Graduating to Success: A Higher Education Strategy for Northern Ireland* in 2012. These strategies were centred on themes such as economic development, accessibility and curriculum delivery (Department for Employment and Learning, 2012^[32]; Department for Employment and Learning, 2016^[33]). New strategies for vocational education were outlined in *Securing our Success: The Northern Ireland Strategy on Apprenticeships* in 2014 and *Generating our Success – the Northern Ireland Strategy for Youth Training* in 2015. Tangible results from these strategies include the introduction of Higher Level Apprenticeships at Qualification Level 4+ (Department for Employment and Learning, 2014^[34]).

In addition to the *Success* strategies, Northern Ireland launched a number of other strategies in recent years. For instance, in 2017 the Department of Agriculture, Environment and Rural Affairs (DAERA) developed a Knowledge Framework, focused on the agri-food industry, which sets out: the rationale for DAERA's involvement in education, training and technology exchange provision; what the department seeks to achieve; and the nature of its interventions. (Department of Agriculture, Environment and Rural Affairs, 2017^[35]). In 2016, the strategy for career guidance was overhauled with *Preparing for Success 2015-2020: A Strategy for Careers Education and Guidance*. The refreshed strategy provided the future direction of careers education and guidance for the next five years and set out the vision, aims, policy commitments and key actions to ensure delivery (Department for Employment and Learning; Department of Education, 2016^[36]).

In recent years, a focus on skills can also be found in Northern Ireland's overarching strategy for government, *The Draft Programme for Government Framework: 2016-21* (Northern Ireland Executive, 2016^[37]), which proposes a number of skills-related economic indicators such as increasing innovation, increasing the proportion of people working in good jobs, and reducing educational inequality. More recently, the agreement between the UK and Irish Governments (*New Decade, New Approach*) (UK Government, 2020^[38]) includes a commitment to invest strategically to ensure that Northern Ireland has the right mix of skills for a thriving economy, as well as an enhanced approach to careers advice, curriculum, training and apprenticeships to enhance employability and support economic growth.

In addition, the draft of Northern Ireland's industrial strategy, *Economy 2030: A Consultation on an Industrial Strategy for Northern Ireland* (Department for the Economy, 2017^[39]) includes a vision for Northern Ireland "to be a globally competitive economy that works for everyone". The strategy includes enhancing education, skills and employability as one of the five core pillars for growth, with proposals consisting of reforms to careers advice, strengthening collaboration across industry and government, and delivering new models of youth training.

Skills are also central to the two City Deals being negotiated for the Belfast and Derry/Londonderry regions. Employability and skills form one of the four Investment Pillars of the Belfast Region City Deal, envisaging a City Deal Apprenticeship Programme and a Digital Skills Programme (Belfast City Region; UK Government, 2019^[40]). Under the Enabling Infrastructure and Regeneration pillar of the Derry/Londonderry City Deal, a number of skills-related initiatives are proposed, including an Apprenticeship and Skills hub, Skills Academies and an Intermediate Labour Market Programme (Derry City and Strabane District Council, 2018^[41]). In addition to these City Deals, the UK Government has announced that Northern Ireland will also benefit from a share of the UK Growth Deals Fund, which is designed to support local economic growth, create jobs or invest in local projects. The Mid, South and West regions, as well as the Causeway Coast and Glens, are to benefit from a GBP 163 million share of UK Government funds, and the future contribution of these funds to the local skills landscape will be developed in due course by the relevant local councils.

Priority areas and recommendations

Based on the assessment of the performance of Northern Ireland's skills system and feedback from the Northern Ireland Government, four priority areas have been identified for the Northern Ireland Skills Strategy project:

1. Reducing skills imbalances in Northern Ireland (Chapter 2 in the full report).
2. Creating a culture of lifelong learning in Northern Ireland (Chapter 3 in the full report).
3. Transforming workplaces to make better use of skills in Northern Ireland (Chapter 4 in the full report).
4. Strengthening the governance of skills policies in Northern Ireland (Chapter 5 in the full report).

Based on in-depth desk analysis, stakeholder workshops, pre-workshop surveys (see Annex B in the full report), discussion groups and several bilateral meetings in Northern Ireland, the OECD has selected opportunities and developed recommendations for Northern Ireland in each of the priority areas. The summaries below highlight the key findings and recommendations for each priority area, and the chapters themselves present the complete findings and describe the recommendations in more detail.

Reducing skills imbalances in Northern Ireland

Skills imbalances can negatively affect economic growth through their consequences on increased labour costs; lower labour productivity growth; and slower adoption of new technologies. Additionally, skills mismatches can increase unemployment and reduce a government's tax revenues. Businesses that suffer from longer-term skills shortages may be constrained in their productivity, innovation, competitiveness, and growth, and may also result in increased hiring costs and higher staff turnover. At the individual level, skills mismatches can cause people to experience higher risk of unemployment relative to well-matched workers, lower wages, lower levels of job satisfaction and the attrition of their skills over time. Reducing skills imbalances could, therefore, help Northern Ireland to enjoy significant economic and social benefits.

Opportunity 1: Improving individual career choice through the provision of enhanced career guidance

There is general recognition that reducing skills imbalances in Northern Ireland requires the provision of effective career guidance, in tandem with the availability of robust and reliable information regarding the local labour market and skills needs to inform such career guidance. The simple availability of such information in and of itself provides an incomplete solution to skills imbalances. There is also a need for targeted education and information on career pathways and requirements, not only for individuals making career choices but also for those who might influence those choices. This opportunity describes how Northern Ireland could improve the quality and consistency of career guidance; the dissemination of career guidance information; and how Northern Ireland could raise employer involvement in the provision of career guidance (see Table 1.1).

Table 1.1. Opportunity 1: Improving individual career choice through the provision of enhanced career guidance

Policy directions	Recommendations	Responsible parties
Improving the quality and consistency of career guidance	1.1. Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards.	<ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Client representatives
Improving the dissemination of career guidance information	1.2. Introduce a consolidated portal to provide all users of career guidance with access to information on the labour market and skills needs, as well as study/work opportunities.	<ul style="list-style-type: none"> • DfE, DE, DAERA, DfC • Employer representatives • Career Advisory Forum
	1.3. Review the effectiveness of recently introduced career guidance tools with a view to their further improvement.	<ul style="list-style-type: none"> • DfE's Careers Service
	1.4. Consider launching a publicity campaign targeted at students and their families that reinforces the importance of using labour market information.	<ul style="list-style-type: none"> • DfE, DE, DAERA
Including employers in the provision of career guidance	1.5. Ensure that common quality standards for the provision of career guidance include specific employer engagement measures.	<ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Employer representatives • Career Advisory Forum
	1.6. Include opportunities for employer engagement on a new careers portal.	<ul style="list-style-type: none"> • DfE, DE, DAERA • Employer representatives • Career Advisory Forum

Note: DfE is the Department for the Economy; DE is Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities.

Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems

While there is information available in Northern Ireland regarding labour market demand (especially at field-of-study level), this demand is not always subsequently reflected in the levels of provision within education and training providers. As with individuals, education and training providers must also be informed about job opportunities and the associated skills requirements. This helps to ensure that study programmes are better aligned with labour market demand, in terms of the quantum, field-of-study specificity and content of that provision. To this end, this opportunity describes how to increase alignment between education and training provision and labour market demand, and how to facilitate improved interaction between education/training providers and employers (see Table 1.2).

Table 1.2. Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems

Policy directions	Recommendations	Responsible parties
Improving the alignment between education provision and labour market demand	1.7. Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes.	<ul style="list-style-type: none"> • DfE
Facilitating improved interaction between education/training providers and employers	1.8. Strengthen local networks among employers through a sectoral approach and by enhancing engagement of SMEs and hard-to-reach employers.	<ul style="list-style-type: none"> • DfE • Education/training providers • Local councils • Employer and sectoral representatives

Note: DfE is the Department for the Economy.

Opportunity 3: Reducing economic inactivity to minimise skills shortages

In light of Northern Ireland's comparatively high levels of economic inactivity, consideration will need to be given to the most effective means of (re)activating those who are inactive in the labour market, as well as preventing them from becoming inactive in the first place. The "economically inactive" are a heterogeneous group with a range of differing barriers to skills activation and employment, which require separate consideration. Particular consideration should, therefore, be given to the specific needs of the diverse cohorts who collectively comprise the "economically inactive". In addition, the role that employers play is key, both in recruiting from these cohorts, as well as in preventing people from leaving the labour market through a transition from in-work sickness to economic inactivity. This opportunity will describe the need to assess current measures to engage the economically inactive, as well as the involvement of employers in addressing economic inactivity (see Table 1.3).

Table 1.3. Opportunity 3: Reducing economic inactivity to minimise skills shortages

Policy directions	Recommendations	Responsible parties
Assessing current measures to engage the economically inactive	1.9. Undertake a mapping exercise of current service provision for the economically inactive, to improve efficiency and effectiveness, and align interventions with skills needs.	<ul style="list-style-type: none"> • DfC, DfE, DoH • Local councils • Voluntary and community sector
	1.10. Undertake a targeted engagement exercise, to better understand the barriers facing the economically inactive, with a view to better directing support and developing skills in line with the identified need.	<ul style="list-style-type: none"> • DfC
Involving employers in reducing economic inactivity	1.11. Undertake a formal employer engagement exercise, to identify current barriers to recruiting specific economically inactive cohorts.	<ul style="list-style-type: none"> • DfC, DfE
	1.12. Encourage healthier workplaces in order to prevent inflows into disability benefits, particularly in sectors where there are skills shortages.	<ul style="list-style-type: none"> • DfC, DfE

Note: DfC is the Department for Communities; DfE is the Department for the Economy; DoH is the Department of Health.

Opportunity 4: Improving labour mobility to meet skills demand

Addressing skills needs through the use of migrant labour is a key facet of many labour markets. The available evidence indicates that the levels of inward migration to Northern Ireland have been decreasing in recent years. Northern Ireland does not, however, have devolved responsibility for immigration policy and therefore has limited control over its ability to address local skills imbalances through migrant labour. Northern Ireland should consider addressing skills needs through policies in relation to increasing its attractiveness for migrant labour, and minimising the impacts of “brain drain”. To this end, Opportunity 4 describes matters for consideration by the Northern Ireland Executive to inform how it can best seek to influence any future UK migration policy, to take account of Northern Ireland’s regional needs; how Northern Ireland could improve its appeal to targeted migrants; and how Northern Ireland could attract recent graduates and skilled emigrants back to Northern Ireland (see Table 1.4).

Table 1.4. Opportunity 4: Improving labour mobility to meet skills demand

Policy directions	Recommendations	Responsible parties
Ensuring that Northern Ireland’s specific regional skills needs can be met through migrant labour	1.13. Better meet Northern Ireland’s skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility.	<ul style="list-style-type: none"> • NICS • Northern Ireland Executive • UK Government • Local councils
Improving the appeal of Northern Ireland to targeted migrants	1.14. Increase the attraction of Northern Ireland for high-skilled migrants, through a mix of pecuniary and non-pecuniary measures within a regional approach to migration.	<ul style="list-style-type: none"> • NICS • Local councils
	1.15. Develop a comprehensive information source for migrant workers, to advertise employment opportunities in Northern Ireland, and encourage and support the relocation process.	<ul style="list-style-type: none"> • NICS • Local councils • External migrant support stakeholders
Attracting recent graduates and skilled emigrants back to Northern Ireland	1.16. Develop a comprehensive programme for engagement with the diaspora that builds on data on the skills and motivations of Northern Ireland emigrants.	<ul style="list-style-type: none"> • NICS • Invest NI
	1.17. Merge the recommended information source for returning Northern Ireland domiciles with that for attracting foreign talent.	<ul style="list-style-type: none"> • NICS • Invest NI

Note: NICS is the Northern Ireland Civil Service; Invest NI is Invest Northern Ireland.

Creating a culture of lifelong learning in Northern Ireland

A culture of lifelong learning can be defined as the shared set of beliefs, values and attitudes, and resulting behaviours, which are favourable towards learning across the life course. Creating a culture of lifelong learning is crucial to ensuring that individuals actively participate in adult learning after leaving the compulsory education system. In turn, participation in different forms of adult learning has positive impacts on individuals, firms and society, including higher wages for individuals, higher productivity for firms and higher levels of social trust.

Opportunity 1: Starting the development of a culture of lifelong learning early in life

Developing a strong culture of lifelong learning in the longer term will depend on educational experiences and parental support early in life. International and UK evidence confirms that children who develop a positive attitude towards learning and strong cognitive and meta-cognitive skills in compulsory education will have greater motivation and foundations to participate effectively in adult learning later in life. This opportunity describes how improving the curriculum and examination methods would help ensure that all learners develop the right skills and attitudes to learning in the context of megatrends. Moreover, it describes how increasing support for vulnerable children and their families could help reduce the number of low-educated and low-skilled workers in the future who may be less likely to participate in adult learning (see Table 1.5).

Table 1.5. Opportunity 1: Starting the development of a culture of lifelong learning early in life

Policy directions	Recommendations	Responsible parties
Improving the curriculum and examination methods in compulsory education	2.1. Revise the compulsory curriculum in the light of megatrends to focus on the development of digital and data literacy skills.	<ul style="list-style-type: none"> • CCEA
	2.2. Expand professional development opportunities in technology-friendly pedagogies for new and existing teachers to improve the use of ICT tools in the classroom.	<ul style="list-style-type: none"> • DE • University colleges • Higher education institutions
	2.3. Consider revising the examination criteria for GCSEs, by placing a stronger emphasis on a range of diverse assessments, rather than a single summative assessment.	<ul style="list-style-type: none"> • CCEA
Strengthening support for vulnerable children and their families	2.4. Improve the targeting of early childhood support programmes for vulnerable families.	<ul style="list-style-type: none"> • DE • NISRA
	2.5. Strengthen information sharing across the school system to improve the measurement of social disadvantage and monitoring of related policy interventions.	<ul style="list-style-type: none"> • DE

Note: CCEA is the Council for the Curriculum, Examinations and Assessment; DE is the Department of Education; NISRA is the Northern Ireland Statistics and Research Agency.

Opportunity 2: Increasing adults' motivation to learn

Motivation is considered to be key for successful adult education engagement and is an even more significant factor than socio-economic background. Yet, existing evidence suggests that individuals in Northern Ireland are not strongly motivated to engage in adult learning, especially if they have lower levels of education. Investment in the early years will only help increase motivation to engage in adult learning in the longer term. This opportunity will first provide recommendations on how to develop and implement a holistic vision of adult learning to increase motivation in the short term. Then, it will suggest a targeted approach for low-skilled learners that could be implemented as a part of this holistic vision (see Table 1.6).

Table 1.6. Opportunity 2: Increasing adults' motivation to learn

Policy directions	Recommendations	Responsible parties
Developing and promoting a holistic vision of adult learning	2.6. Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners.	<ul style="list-style-type: none"> • Northern Ireland Executive • DfE, DAERA
	2.7. Implement co-ordinated awareness-raising initiatives to help deliver the objectives of the strategy, which rely on behavioural and diagnostic profiling tools.	<ul style="list-style-type: none"> • DfE (including DfE's Careers Service) • DAERA and CAFRE • FE colleges • Other training providers
Implementing a targeted approach to increase engagement of low-skilled learners	2.8. Strengthen the provision of adult learning to low-skilled learners in the workplace and the community by developing tailored local-level plans.	<ul style="list-style-type: none"> • DfE • FE colleges • Local councils • Regional skills hubs (see Priority Area 4) • Local training funds (see Opportunity 3)
	2.9. Introduce local awareness-raising initiatives involving FE colleges, DfE's Careers Service, local councils, employers and social partners.	<ul style="list-style-type: none"> • DfE (including DfE's Careers Service) • FE colleges • Local councils • Regional skills hubs (see Priority Area 4)

Note: DfE is the Department for the Economy; DAERA is the Department of Agriculture, Environment and Rural Affairs; CAFRE is the College of Agriculture, Food and Rural Enterprise and FE colleges are further education colleges.

Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities

Even when individuals and employers are motivated to participate in adult learning, they frequently face barriers that prevent them from transitioning from an interest to active participation. Minimising these barriers is crucial to cultivating a strong culture of lifelong learning. For adults, the key barriers are generally related to cost and time, whereas for employers, they relate to cost, the fear of poaching, the lack of time and the lack of an adequate supply. Financial incentives, such as subsidies and loans, play a crucial role in reducing barriers both for individuals and employers but are likely to be insufficient on their own. Improving the flexibility in format (e.g. part-time, online) and design (modular, credit-based courses) of adult learning opportunities can help overcome time-related barriers, especially for medium-to-high skilled workers. This opportunity focuses on better use of financial incentives for individuals, better use of financial incentives for employers, and making adult learning opportunities more flexible for medium-to-high-skilled workers (see Table 1.7).

Table 1.7. Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities

Policy directions	Recommendations	Responsible parties
Better using financial incentives to reduce barriers for individuals	2.10. Strengthen childcare subsidies for lower-skilled and part-time higher-skilled learners to mitigate the impact of childcare responsibilities on take-up of adult learning.	<ul style="list-style-type: none"> • DfE
	2.11. Extend current loans and subsidies for higher-skilled learners to cover modular courses and increase loan caps for part-time higher-skilled learners.	<ul style="list-style-type: none"> • DfE
	2.12. Consider introducing legislation and compensatory mechanisms for training leave to increase take-up of learning among adults who currently report being too busy at work.	<ul style="list-style-type: none"> • Northern Ireland Executive • DfE
Better using financial incentives to reduce barriers for employers	2.13. Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships.	<ul style="list-style-type: none"> • Northern Ireland Executive
	2.14. Establish local training funds to increase the availability of training and apprenticeships among employers.	<ul style="list-style-type: none"> • DfE • Regional skills hubs (see Priority Area 4)
Making adult learning opportunities more flexible for medium-to-high-skilled learners	2.15. Extend the offering of short-term modular courses in FE colleges, by introducing changes to the FE funding model and taking a joint approach to validation (see Priority area 4).	<ul style="list-style-type: none"> • FE colleges • DfE
	2.16. Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform.	<ul style="list-style-type: none"> • FE colleges

Note: DfE is the Department for the Economy and FE colleges are further education colleges.

Transforming workplaces to make better use of skills in Northern Ireland

The effective use of skills in workplaces has potential benefits for employers, employees and society as it can help raise productivity and innovation in businesses, and help increase wages and job satisfaction for employees. Public policy makers can work with employers to help create the conditions or provide direct support for strengthening skills use in workplaces. For Northern Ireland, transforming workplaces to make even better use of the skills of the workforce is key. This would help to achieve wider objectives such as boosting productivity, stimulating innovation and raising competitiveness.

Opportunity 1: Strengthening management and leadership capabilities

Strong leadership and management capabilities can drive organisational change to optimise the use of skills and the adoption of high-performance workplace practices. Strong and effective leadership and management have many benefits for businesses in Northern Ireland, but there are a number of studies that point to Northern Ireland's challenges for leadership and management capabilities. This opportunity describes how the management and leadership capability of managers and leaders could be enhanced to improve skills use and workplace performance, including by making management and leadership capabilities a priority for Northern Ireland; developing the right skills and attitudes for managers and leaders of the future; and raising the motivation, as well as minimising barriers, to participate in lifelong learning for current managers and leaders (see Table 1.8).

Table 1.8. Opportunity 1: Strengthening management and leadership capabilities

Policy directions	Recommendations	Responsible parties
Making management and leadership capabilities a priority for Northern Ireland	3.1. Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action.	<ul style="list-style-type: none"> • DfE, DfC, DoF, DE • Business support, especially Invest NI • Business/employer/employee organisations
Developing the right skills and attitudes for managers and leaders of the future	3.2. Expand the role of entrepreneurship education and the development of other soft skills needed in the labour market in school curricula.	<ul style="list-style-type: none"> • DE, DfE, CCEA
Raising the motivation to participate in lifelong learning for current managers and leaders	3.3. Launch a new campaign to highlight the importance of management and leadership capabilities, emphasising its benefits and promoting strong performers, and targeted to small businesses.	<ul style="list-style-type: none"> • DfE • Regional skills hubs • Business support, especially Invest NI
	3.4. Centralise all information on management and leadership programmes in one location within nibusinessinfo.co.uk or the Invest NI website.	<ul style="list-style-type: none"> • DfE • Invest NI
Minimising barriers to participate in lifelong learning for managers and leaders	3.5. Raise financial support, and allocate funding efficiently, to reduce financial barriers to participation in management and leadership programmes.	<ul style="list-style-type: none"> • DoF, DfE, DE
	3.6. Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes, or expanding existing ones.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI

Note: DfE is the Department for the Economy; DfC is the Department for Communities; DoF is the Department of Finance; DE is the Department of Education; CCEA is the Council for the Curriculum, Examinations and Assessment; Invest NI is Invest Northern Ireland.

Opportunity 2: Developing engaging and empowering workplaces

An empowered workforce, which is skilled and motivated to actively contribute to the success of the business, could play an important role in workplace transformation by driving innovation and growth from the bottom up. Employee engagement is considered to be one of the main determinants of skills use and productivity, and evidence shows that employees with high levels of engagement achieve higher individual performance, including proactive, innovative behaviour, higher job satisfaction and personal well-being. However, employee empowerment and engagement could be enhanced in Northern Ireland, as exemplified, for instance, by low labour mobility within businesses. This opportunity will examine ways to raise the engagement and empowerment of employees in both the private and public sectors (see Table 1.9).

Table 1.9. Opportunity 2: Developing engaging and empowering workplaces

Policy directions	Recommendations	Responsible parties
Raising engagement and empowerment of employees in the business sector	3.7. Promote a business culture where employers value and encourage employees, by raising awareness of relevant workplace practices and the benefits of an empowered and engaged workforce.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs
	3.8. Introduce a charter or business pledge where employers formally endorse principles concerning employees and their working conditions.	<ul style="list-style-type: none"> • DfE
	3.9. Make quality marks (e.g. Investors in People [IIP]) a condition for medium- and larger sized businesses to benefit from business support programmes.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI
Raising engagement and empowerment of civil servants	3.10. Develop a NICS management and leadership culture that supports employee engagement, by strengthening management training, enhancing internal mobility and adopting HPWP	<ul style="list-style-type: none"> • NICS
	3.11. Strengthen the implementation of proposed actions in the <i>Innovation Strategy</i> and <i>NICS People Strategy 2018-21</i> , by raising their granularity and including outcome-based targets.	<ul style="list-style-type: none"> • NICS

Note: DfE is the Department for the Economy; Invest NI is Invest Northern Ireland; NICS is Northern Ireland Civil Service; HPWP is high performance workplace practices.

Opportunity 3: Strengthening support structures for businesses

To strengthen skills use, Northern Ireland should aim to move towards more high-value-added activities, and enable sustainable long-term growth through the better performance of firms, of all sizes and in all regions. Better skills utilisation and workplace transformation require a proactive approach by governments. SMEs, in particular, need support to strengthen workplace practices, competitiveness, innovation and growth realisation. To optimise the impact of these and other efforts, Northern Ireland should ensure that the overall business support structures are effective and efficient. This opportunity will analyse how Northern Ireland could support businesses by providing targeted support and by expanding networking, and increasing collaboration and knowledge spillovers between businesses (see Table 1.10).

Table 1.10. Opportunity 3: Strengthening support structures for businesses

Policy directions	Recommendations	Responsible parties
Providing targeted support to businesses	3.12. Raise the impact of business-to-business mentoring and coaching, in particular for SMEs, by promoting and incentivising businesses to participate.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs
	3.13. Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs
	3.14. Launch an overarching new initiative for micro and small business support, which centralises and co-ordinates all support programmes for growth, innovation, and management and leadership (see Recommendation 3.6).	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs
Expanding networking and increasing collaboration and knowledge spillovers between businesses	3.15. Promote peer-to-peer learning for small businesses by increasing their participation in informal business networks.	<ul style="list-style-type: none"> • Business/employer/employee organisations, especially NI Chamber of Commerce and Industry, Invest NI • Regional skills hubs
	3.16. Strengthen business clusters, by leveraging existing networks, consolidating support, identifying strategic priority clusters and strengthening their governance.	<ul style="list-style-type: none"> • DfE • Business support • Regional skills hubs
	3.17. Raise the benefits of FDI by facilitating and incentivising knowledge spillovers between large, foreign-owned businesses and small, local businesses.	<ul style="list-style-type: none"> • DfE • Business support, especially Invest NI

Note: DfE is the Department for the Economy; Invest NI is Invest Northern Ireland.

Strengthening the governance of skills policies in Northern Ireland

Effective governance arrangements are essential to support Northern Ireland's performance in developing and using people's skills. The success of skills policies typically depends on the responses and actions of a wide range of actors, including government, learners, educators, workers, employers and trade unions. A whole-of-government approach, effective stakeholder engagement, integrated information systems and co-ordinated financing arrangements are essential to improve skills development and use.

Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system

Sufficient funding for skills policy is essential in making societies fit for technological change and the subsequent new skills requirements arising from it. Northern Ireland must ensure that all major stakeholders understand the importance of skills for future economic growth, social inclusiveness and well-being. The benefits of skills policies are most visible in the long term; therefore, all relevant stakeholders have to commit themselves to overcoming a focus on short-term financial needs. The UK's exit from the EU will have important consequences for Northern Ireland's skills system, giving rise to uncertainty. This opportunity, therefore, tackles putting the sufficient and balanced funding of skills policies at the top of key decision makers' agendas and addresses the need to respond to the potential impact of the UK's exit from the EU (see Table 1.11).

Table 1.11. Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system

Policy area	Recommendations	Responsible parties
Putting sufficient and balanced funding of skills policies on top of decision makers' agendas	4.1. Commit all relevant decision makers and ministers to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland.	<ul style="list-style-type: none"> Government departments First minister and deputy first minister Business stakeholders
	4.2. Ensure sustainable funding models and budgeting processes that enable multi-year planning beyond the short-term, traditional annual budgeting cycle.	<ul style="list-style-type: none"> DoF, DfE, DE, DAERA
Responding to the potential impact of the United Kingdom's exit from the EU and the loss of ESF funding	4.3. Reassess and restructure current ESF-funded programmes across departments in order to avoid possibly inefficient and expensive overlaps of programmes for similar target groups.	<ul style="list-style-type: none"> DE, DfC, DfE
	4.4. Consider shifting previously ESF-funded programmes to departments' own budgets, as opposed to a continued reliance on external funds (e.g. on a potential Shared Prosperity Fund).	<ul style="list-style-type: none"> DoF, DE, DfC, DfE

Note: DoF is the Department of Finance; DfE is the Department for the Economy; DE is the Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities.

Opportunity 2: Increasing co-ordination and information distribution across the whole of government

Especially in times of tight budgetary constraints, it is essential to ensure that existing financial means are used most efficiently. Making the most efficient use of available resources requires co-ordination across the whole of government, i.e. a "whole-of-government approach". This includes horizontal co-ordination between (and within) different departments responsible for skills policy, as well as vertical co-ordination between different levels of government, (e.g. between district councils and central government). Furthermore, it is necessary to ensure that decision makers in these governance arrangements can make informed choices regarding the skills needs of the economy. This opportunity, therefore, describes how Northern Ireland could increase inter- and intra-departmental co-ordination, vertical co-ordination and governance of skills policies on a local level, as well as how to make full use of, and including, stakeholders in information systems (see Table 1.12).

Table 1.12. Opportunity 2: Increasing co-ordination and information distribution across the whole of government

Policy area	Recommendations	Responsible parties
Increasing inter- and intra-departmental co-ordination	4.5. Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies.	<ul style="list-style-type: none"> • Government departments (DfE, DoF, DE, DfC, DAERA) • Arms-length bodies active in skills policies
Improving vertical co-ordination and the governance of skills policies on a local level	4.6. Increase vertical co-ordination by appointing skills representatives of district council/City Deal/Growth Deal areas and including them in a central oversight body that co-ordinates skills policy at a higher level.	<ul style="list-style-type: none"> • District councils • DfE, DoF, DE, DfC, DAERA
	4.7. Put skills policy on district council stakeholders' agendas by encouraging them to commit themselves to their own local skills strategies in accordance with the priorities of Northern Ireland's overarching skills strategy.	<ul style="list-style-type: none"> • District councils • DfE • Potential central oversight body
Making full use of and including stakeholders in information systems	4.8. Re-engage business in skills anticipation and assessment via a central skills needs advisory body.	<ul style="list-style-type: none"> • Business stakeholders • DfE
	4.9. Ensure distribution of all available evidence to policy makers.	<ul style="list-style-type: none"> • DfE • Stakeholders in potential central skills needs advisory body

Note: DfE is the Department for the Economy; DoF is the Department of Finance; DE is the Department of Education; DfC is the Department for Communities; DAERA is the Department of Agriculture, Environment and Rural Affairs.

Opportunity 3: Improving employer engagement in the governance of skills policies

Increasing employers' participation in and contribution to the provision and funding of skills policies can substantially relieve pressure on public budgets and ensure that the skills generated match labour market needs. As research on skills systems has shown, in order to ensure employer contribution (e.g. to raise their participation in training or apprenticeship schemes), it is beneficial to include employers in the governance of skills policies. To this end, this opportunity discusses how Northern Ireland could restructure the existing stakeholder engagement bodies, as well as how governance arrangements for involving employers at lower levels of government could be improved (see Table 1.13).

Table 1.13. Opportunity 3: Improving employer engagement in the governance of skills policies

Policy area	Recommendations	Responsible parties
Restructuring stakeholder engagement bodies	4.10. Improve governance structures by assessing potential mergers and making responsibilities of employer engagement bodies clear.	<ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Business stakeholders
	4.11. As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise the government on the skills policy.	<ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Business stakeholders
	4.12. Ensure sufficient steering of the central skills needs advisory body by including independent experts and researchers.	<ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Independent experts
	4.13. Ensure accountability of policy makers towards advice given by the central skills needs advisory body.	<ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Independent experts • Business stakeholders
Improving governance arrangements for involving employers at lower levels of government	4.14. Improve employer engagement by encouraging the creation of local, collaborative training networks among employers.	<ul style="list-style-type: none"> • Business stakeholders at the local level • DfE, DfC
	4.15. Create an infrastructure of regional skills hubs at district councils that increase information exchange and co-ordination between employers, education and training providers and (local) government.	<ul style="list-style-type: none"> • District councils • Business stakeholders at the local level • DfE, DfC

Note: DfE is the Department for the Economy; DoF is the Department of Finance; DE is the Department of Education; DfC is the Department for Communities; DAERA is the Department of Agriculture, Environment and Rural Affairs.

Overview of main recommendations

Box 1.2. Main recommendations to strengthen Northern Ireland's skills system

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected for each priority area that could be considered to have the highest priority based on an assessment of potential impact, relevance in the current Northern Ireland context, as well as overall support from stakeholders for implementation.

Reducing skills imbalances in Northern Ireland

- Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards (Recommendation 1.1).
- Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes (Recommendation 1.7).
- Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility (Recommendation 1.13).

Creating a culture of lifelong learning in Northern Ireland

- Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners (Recommendation 2.6).
- Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships (Recommendation 2.13).
- Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform (Recommendation 2.16).

Transforming workplaces to make better use of skills in Northern Ireland

- Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action (Recommendation 3.1).
- Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones (Recommendation 3.6).
- Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools (Recommendation 3.13).

Strengthening the governance of skills policies in Northern Ireland

- Commit all relevant decision makers and ministers (including the first minister and deputy first minister) to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland (Recommendation 4.1).
- Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies (Recommendation 4.5).
- As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise government on skills policy (Recommendation 4.11).

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OECD Skills Studies

OECD Skills Strategy Northern Ireland (United Kingdom)

ASSESSMENT AND RECOMMENDATIONS

Skills are the key to shaping a better future and central to the capacity of countries and people to thrive in an increasingly interconnected and rapidly changing world. Megatrends such as globalisation, technological advances, and demographic change are reshaping work and society, generating a growing demand for higher levels and new sets of skills.

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities and help them build more effective skills systems. The OECD works collaboratively with countries to develop policy responses that are tailored to each country's specific skills needs. The foundation of this approach is the OECD Skills Strategy Framework, which allows for an exploration of what countries can do better to: 1) develop relevant skills over the life course; 2) use skills effectively in work and in society; and 3) strengthen the governance of the skills system.

This report, "OECD Skills Strategy Northern Ireland (United Kingdom): Assessment and Recommendations", identifies opportunities and makes recommendations to reduce skills imbalances, create a culture of lifelong learning, transform workplaces to make better use of skills, and strengthen the governance of skills policies in Northern Ireland.

