



Submission to the Public Consultation on Review of Apprenticeships in Ireland

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Introduction

Chambers Ireland is the largest business network in Ireland. With over 50 affiliated Chambers, we represent businesses in every sector and region of Ireland.

Many of these businesses are employers. Employers need a skilled workforce. Specifically, employers need workers with the type of skills required in the contemporary economy. Currently, many of the vocations covered in the apprenticeship system in Ireland do not provide these skills.

In response to harsh economic conditions experienced by many countries in the 1970s, politicians and educationalists began to highlight the importance of vocational education. Since then, there has been a prolonged debate about the relative value and merit of academic and vocational qualifications.

While the former enjoy greater prestige, often being cited as a 'gold standard' in education and resulting in greater 'cultural capital', there has also been a growing recognition of the importance of vocational education. Vocational education is seen as good for the economy, good for society and good for learners.

Through its welcome appetite for reform, this Government has created an opportunity to evaluate and restructure the entire system of Vocational Education and Training (VET) in Ireland.

Above all else, VET must be responsive to the needs of the economy. This is important in the context of Ireland's recent economic downturn but, more significantly, if Government and society are to capitalise on recent improvements in the economic climate, a suitably qualified workforce must be in place.

Apprenticeships have a history which predates the debate between academic and vocational education. Originally involving a relationship between a journeyman or master of a trade and an employee, apprenticeships are now more likely to be government-led training schemes, shaped by training professionals rather than employers. While this has certainly made apprenticeship schemes more uniform, it is questionable whether the change brought many further benefits. Perhaps it is time to give more control back to employers?

Apprenticeships remain a popular option. Evidence from the UK¹ shows that 88% of all apprentices are satisfied with their experience and 83% say their career prospects have improved. This positive message is replicated in the views of employers, 84% of who are satisfied with the apprenticeship programme and 72% say the experience improved their product or service quality.

Apprenticeships in Ireland Today

"Apprenticeship is the recognised means by which people are trained to become craftspeople in Ireland."² Responsibility for apprenticeships currently lies with FÁS; however, these functions are to be transferred to SOLAS with the training delivery function to be moved to newly established Education and training Boards. This process is likely to be complete by the end of 2014. Those phases of the Apprenticeship Model currently provided by Institutes of Technology will continue to be so.

While it is claimed that Apprenticeships are designed to meet the needs of industry and the labour market, the list of craft trades which come within the scope of the Statutory Apprenticeship system is restricted to a small number of areas and is focused on traditional skills.

Apprentices are paid the Industrial Apprentice Wage Rate by the employer and an Apprentice Allowance during off-the-job training.

¹ http://www.markpack.org.uk/45061/do-apprentices-loving-being-apprentices-what-the-data-shows/?utm_source=WordTwit&utm_campaign=wordtwit&utm_medium=referral

² <http://www.fas.ie/en/Training/Apprenticeships>

The curriculum for each apprenticeship is based on uniform standards, determined and agreed by industry.

Seven phases of an apprenticeship must be passed in order to achieve a FETAC Level 6 qualification.³ It is at this stage that a candidate can choose to move on to a Higher Education course and achieve awards at Levels 7 and 8.

Challenges

A number of problems in the system of apprenticeships in Ireland can be identified.⁴ These present specific challenges to policy makers engaged in the reform of Vocational and Educational Training.

1. Apprenticeships are limited to a narrow set of occupations, in traditional craft sectors, including many in the construction sector where there is no longer demand for employees.
2. Workplace training is insufficiently used in Vocational Education and Training Programmes.
3. FÁS has been a large body suffering from what some observers might call mission creep. Its efficiency and effectiveness is difficult to evaluate. One concern would be that issue will not change as the functions are transferred to SOLAS.
4. The current economic crisis is making demands on the system to provide education and training for an increasing number of people not currently in employment. While these are important outputs, the question that arises is whether this form of training is helping firms that have paid for specific training issues to be addressed via the National Training Fund? Many of our members would say that it does not.
5. The public cost of apprenticeship in Ireland is high if one takes into account the nature of skills developed in apprenticeships.
6. The skills developed during the off-the-job phases may be more occupation-specific than in other countries. There is less focus on transferable skills, which may have more value in an increasingly dynamic labour market.⁵ This might be because in Ireland apprenticeship is provided in post-secondary education, while in other countries it is part of formal schooling at upper secondary level.
7. The clear structure of the Irish apprenticeship system is easy to follow for both students and employers since the entry requirements and duration of apprenticeships in all occupations are the same. However, the downside of this arrangement is that it may be inflexible and difficult to amend in response to emerging demands or to the varying requirements of different occupations.
8. A significant gender imbalance is evident in the current system.⁶ Given the ongoing advances in educational attainment by women, this is a strategic issue that needs to be addressed.
9. While employers fund training via the compulsory levy on employment that is the National Training Fund. They are often less able to offer apprenticeships during an economic downturn owing to the challenges that they face in remaining in business.⁷ Accordingly, Ireland needs a strategy that appropriately supports apprenticeships through the business cycle. In our view the National Training Fund could be one source of ensuring that businesses support apprenticeships through the cycle.

³ The National Framework of Qualifications consists of 10 levels, showing how education and training awards relate to each other.

⁴ For example, see: <http://www.oecd.org/ireland/44592419.pdf>

⁵ Ibid. Pg 10

⁶ Ibid. Pg 23

⁷ The National Training Fund (NTF) is gathered via a compulsory levy on all employers of 0.7%. This amounts to approximately €350m per annum. The vast majority of this money is currently devoted to training 'for employment.'

Recommendations

In response to these challenges, Chambers Ireland would encourage the Review Group to consider the following recommendations.

1. Employers should be involved in every stage of the apprenticeship system: from designing awards and setting standards, to delivery of training and evaluating the skills acquired.
2. Apprenticeships should be offered in a wider range of skills/crafts. This should be informed and shaped by regular and frequent reviews. The current and future needs of employers and industry should always be a central concern of these reviews.
3. Government must ensure that the quality of apprenticeships is such that they do not lag behind academic qualifications in terms of how they are perceived by learners and employers.
This will involve guaranteeing that there are recognised industry standards at the heart of every apprenticeship. All apprentices should complete their training with a level of competence relevant and meaningful for their employers throughout their careers.
4. The off-the-job element of apprenticeships should be less focused on one particular job or vocation. Recognising that many individuals who apply for apprenticeships may be non-traditional learners or have under-performed in traditional schooling, they should be given the opportunity to refine and enhance their competence in Mathematics, English, ICT and other skills, valued by employers, which are useful in a wide range of jobs.
This is particularly relevant given the context of a changing and increasingly dynamic labour market. It is essential to recognise that the specific skills required in today's economy may be redundant in the near future. Employees must be prepared to adapt. They must be given the skills that enable them to be flexible.
Furthermore, given the importance of self-employed workers in the Irish economy, there is a real need for apprentices to receive training in starting their own business.
5. Firms should be incentivised to take part in the apprenticeship scheme. This can be financial. Government could consider extending jobsplus to apprenticeships or offering similar supports. It can also be achieved by making sure young people are 'apprentice ready'. The system of traineeships⁸ introduced in the UK is designed to ensure young people have the necessary skills and experience to begin an apprenticeship.
Being involved in such programmes could be seen as part of a company's Corporate Social Responsibility: investing in people and supporting the development of a learning society vital to future social and economic development.
6. Government should ensure that those learners interested in apprenticeships and employers interested in supplying them have all the information they require. Consideration should be given to supporting an online apprentice vacancy matching service, such as that available in the UK.⁹
7. In recognition that women are underrepresented among those carrying out apprenticeships in Ireland, Government should take steps to rectify this. This could involve promotion during careers education in secondary schooling or specific outreach programmes involving businesses.
8. The composition of the National Apprenticeship Advisory Committee¹⁰ reflects an industrial landscape which no longer applies to Ireland. The employer representative bodies and craft unions with membership should be augmented with representatives of emerging industries and employers organisations.

⁸ <http://www.apprenticeships.org.uk/parents/what-are-traineeships.aspx>

⁹ <https://apprenticeshipvacancymatchingservice.lsc.gov.uk/navms/Forms/Candidate/VisitorLanding.aspx>

¹⁰ <http://www.education.ie/en/Publications/Policy-Reports/Apprenticeship-Review-%E2%80%93-Background-Issues-Paper.pdf>: see page 9

9. As apprenticeships benefit the learner, the employee and society in general, we support the existing system where the employer and the State share the cost of apprenticeship. However, we are concerned that the National Training Fund is, at present, not providing a satisfactory return on what is being contributed by employers. While Chambers Ireland has made a number of recommendations regarding the National Training Fund in our Pre-Budget Submission 2014, in terms of apprenticeships our view would be that the National Training Fund should primarily support the upskilling of staff in employment with a view to supporting the development of their company.¹¹
10. As functions are transferred from FÁS to SOLAS and the ETBs are established, we would recommend that a distinct unit is established to coordinate all areas of apprenticeships in Ireland. This unit report against publicly available key performance indicators—which would be determined after a public consultation on same—which would be published on a regular basis. Responsibility for the effectiveness and efficiency should rest with one individual.

Conclusion

The system of apprenticeships needs to be organic and dynamic. It must meet the needs of employers and change in line with changes in the economy.

In the Background Issues Paper issued with this consultation,¹² some options for change are listed:

- A modified dual system of apprentice formation
- A pre-apprenticeship model
- An industry provided model

Chambers Ireland prefers the first of these options. It is important that the State, through the education system, and employers continue to play a part in the delivery of apprenticeships.

However, we also believe that elements of the other two options can be integrated into the overall system.

1. Traineeships can be used to ensure young people are apprentice-ready.
2. Industry and employers should be consulted and involved in all stages of the apprentice system.

¹¹ Reform of the National Training Fund

The National Training Fund (NTF) is gathered via a compulsory levy on all employers of 0.7%. This amounts to approximately €350m per annum. The vast majority of this money is currently devoted to training 'for employment.'

There is virtually no funding available to employers to either up skill their management teams or staff. This does little to assist firms at a time when they need it most.

Accordingly, we call for €150m of the NTF to be ring-fenced to support four thematic areas:

€50m to be made available for upskilling owner managers and the management teams of these SMEs on vital skills such as Cash Flow Analysis, Leadership, Business Strategy, Sales Management, Opening Export Markets and Operations.

€50m to be made available for upskilling the existing workforce of SMEs with a view to making them more productive and helping these firms to become more profitable.

€35m to be made available for supporting first time exporters entering new markets. In this context, the most pertinent market for SMEs that are new to exporting is the UK, with a focus on London and the South East; however, most SMEs will never qualify for support from Enterprise Ireland using traditional measures.

Therefore, qualification criteria need to be broadened significantly to enable these firms to begin exporting.

€15m to be made available to support the eEnabling of SMEs, assisting them to trade on line.

¹² <http://www.education.ie/en/Publications/Policy-Reports/Apprenticeship-Review-%E2%80%93-Background-Issues-Paper.pdf>