



An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation

Report on the All-Island Sectoral Dialogue: Enterprise Skills Needs and Brexit

Aviva Stadium, 3rd July

Department of Jobs, Enterprise and Innovation / Department of Education and Skills – All-Island Sectoral Dialogue: Enterprise Skills Needs and Brexit

Aviva Stadium, Dublin, 3rd July 2017

The Department of Jobs, Enterprise and Innovation, in conjunction with the Department of Education and Skills hosted an All-Island Sectoral Dialogue on the theme of “Enterprise Skills Needs and Brexit” on 3rd July 2017 in Dublin. This event followed on from the Department’s initial stakeholder event in Carrick-on-Shannon in January.

The day was broken into three main parts as per the agenda at Appendix 1:

- Following opening remarks from the Tánaiste and Minister for Jobs, Enterprise and Innovation, Frances Fitzgerald TD, and the Minister for Education and Skills, Richard Bruton, TD, Mark Keese, Head of Skills and Employability Division, Directorate for Employment, Labour and Social Affairs in OECD delivered the keynote speech, setting the agenda for the remainder of the day.
- Thereafter, attendees participated in a workshop, with rapporteurs from the Centre for Cross Border Studies. Groups were asked to respond to a range of questions (see Appendix Two).
- The day concluded with a panel discussion which drew on issues raised during the workshop.

The full Agenda is provided in Appendix One, while the key discussion points are summarised below.

Opening Remarks

Tánaiste and Minister for Jobs, Enterprise and Innovation, Frances Fitzgerald TD noted that the Sectoral Dialogues provide an opportunity to hear the voices of people likely to be affected by the UK’s exit, both directly and through representative groups. The fact that the two departments were jointly hosting the event was a reflection of the cross-cutting nature of Brexit’s impacts and a demonstration of the whole-of-government response being adopted. Ms Fitzgerald went on to provide an overview of developments in the Brexit process and reminded participants of Ireland’s priorities:

- Minimising the impact of Brexit on trade and the economy;
- Protecting the Northern Ireland Peace Process;
- Maintaining the Common Travel Area; and
- Influencing the future development of the European Union.

The Tánaiste noted that acknowledgement of Ireland’s unique circumstances by both the EU and the UK has been the result of a major Government campaign of engagement with the EU, our EU partners and the UK government.

Minister for Education and Skills, Richard Bruton TD developed the theme of skills gaps, and emphasised that there was a need to address the changing employment and trading patterns that could be expected following Brexit: the availability of qualified people with the right skills will be an essential determinant of companies’ future success.

Mark Kesse, OECD: Getting Skills Right in a Changing World

Mark Keese's presentation focused on the mega-trends changing work and skill needs at a global level (technological change, globalisation, ageing societies, polarisation of skills demands, rising inequality), how these relate to Ireland and are magnified by the impact of Brexit.

Mark noted that Ireland has a number of strengths in relation to our ability to analyse and understand skills needs, including: the quality of Irish skills data; monitoring of skills needs; cooperation between relevant skills bodies; and the linkages between skills assessment and skills development policies. In terms of the challenges identified:

- There is a need for a higher level of granularity in results – this is especially important for local actors and in the regional fora.
- There are issues of data comparability in relation to the skills data analysed.
- The technical nature of some of the results hinders their broad diffusion to a wider audience of non-experts. More effort should be put in simplifying technical concepts and in choice of skill proxies that can be easily translated into policy action.

Workshop Discussion

The participants broke into small groups to discuss the sectors most impacted from a skills perspective and possible interventions to mitigate those impacts, with Centre for Cross Border Studies (CCBS) and DJEI staff acting as rapporteurs.

It was noted by participants that Brexit has added an extra dimension to skill shortages that already exist. Some of the key areas of concern for participants included skills availability, education and upskilling and cross-border issues. The key discussion points are as follows:

- For border-based enterprises the potential impact on skills availability is enormous and cuts their available skills pool in half.
- If consumer prices increase in response to Brexit, this will have a knock-on impact on wage demands and potentially skills availability.
- While businesses in the border region are expected to be impacted more severely by Brexit, the problems identified and the roles for employers and firms were similar irrespective their location.
- There were concerns specifically about access to the cross-border labour force and labour mobility.
- Clarity was sought about any new regulations that might be introduced, and on what rights cross-border workers would have post-Brexit.
- Firms and employees also need clarity on the impact that Brexit might have on income tax and social insurance for those living in one jurisdiction but working in another.
- Concerns were also raised with regard to the recognition of professional qualifications, and the registration of professionals.
- Virtually all economic sectors are considered vulnerable and likely to be impacted by Brexit. However some sectors were mentioned more frequently than others:
 - Agri-food: Tourism & Hospitality:
 - Logistics, customs, and supply chain management;
 - Transport/Aviation:
 - Construction:

- Information Technology;
 - Education and Research
- Education at all levels needs to be prioritised, with increased investment required. Lifelong learning was identified as a key response, as was the importance of quality career guidance.
- The benefits of on-job training were highlighted, while it was also noted that additional apprenticeship opportunities may arise in future. To ensure that supply is sufficient, increased investment is required to support the work of the National Skills Council, Skillsnet, and the Education and Training Boards, as well as programmes such as Springboard. The importance of the National Training Fund was highlighted.
- The need to provide support for businesses to upskill their employees was also raised.
- The need for a review of modern language training was identified as a priority.
- Both the state and employers need to address the serious skill shortages related to customs clearance, supply chain management and logistics. The skills gaps in trade law and tariffs also need to be addressed.
- More positively, Irish employers can take steps to meet challenges of Brexit (e.g. they can invest greater resources in assessing new markets, business planning etc.). The importance of undertaking skills audits at sectoral and firm level was noted, as was the importance of skills forecasting.
- Brexit could provide an opportunity to revise and reform policies and programmes:
 - Rethinking a new skills strategy – Life Long Learning starting at primary level
 - Align the NTF more closely with labour market demand (employer led)
- Participants also noted that there could be new opportunities to attract international students, as well as researchers and other highly skilled academics to Ireland.

Participants also raised a number of issues beyond the specific skills focus of the event. These included more general concerns related to the outcome of Brexit negotiations, as well as other factors impacting on the environment for enterprises which need to be addressed irrespective of Brexit. The issues raised included:

- Concern about the “infrastructure gaps” and the importance of connectivity (both in terms of transport and in relation to broadband);
- Concern about how a frictionless border would operate and be managed – the impact of any delay in the transport of goods or people on company costs was highlighted. This may be a particular concern for firms engaged in high volume, low value sectors. The impact of any border restrictions on the shadow economy was also raised;
- Political concerns, particularly related to the border, with potential knock-on economic impacts, and threats to the peace process;
- The impact of Brexit on the EU budget and how the EU budget is spent;
- The necessity to continue to attract workers from outside Ireland – as a small country, Ireland will need to remain an open and attractive country to high skilled, mobile, overseas workers. Quality of life issues are important in this regard (e.g. housing, schools);
- The impact of currency fluctuations and exchange rates on business;
- The capacity and ability of firms to import/export to and from the UK post Brexit; and
- The need for Government to provide support for businesses, particularly SMEs, for innovation and market diversification.

Panel Discussion

Following a presentation of the outputs of the work shop discussion, a panel discussion and Q&A session was convened. The Panel consisted of:

- Fergal O'Brien, Ibec
- Dr Peter Rigney, ICTU
- Paul O'Toole, Solas
- Dr Gemma Irvine, Higher Education Authority

Key topics discussed include:

- The potential scale of the impact of Brexit – this is likely to go beyond the impact on GDP; a greater impact may emerge in the labour market, reflecting the dependence of some labour intensive sectors on the UK market. This is particularly an issue for indigenous sector.
- There is a need to better understand the all island labour market also. Likewise, there may be potential for even greater cooperation in relation to course provision.
- The potential for state aid interventions to support viable firms to adjust to the impact of Brexit – this might be similar in nature to the previous "globalisation fund" approach, and should be pre-emptive rather than remedial.
- The issue of skills mismatches was raised as was the speed with which the education and training system responds to changing skills needs. A "whole of system" response is required to tackle skills mismatches, and this should take account of pressure sectors, regions, and occupations.
- The importance of a demand led approach in relation to skills development was highlighted – this will help to ensure that the skills most needed by enterprise will be developed and will improve the employability of learners. This issue was of particular relevance to the higher education sector, although the need to maintain the independence of the university system.
- The importance of enhancing Ireland's foreign language capability was a strong theme throughout the day. The ongoing development of the Foreign Languages Strategy was noted. Foreign language skills are an essential tool to support export diversification, research co-operation etc. A mind-set change is required to make progress in this area – approaches such as Erasmus and immersion in languages are required.
- The issue of enhancing the logistical and customs' compliance skills in firms was raised - greater awareness of these issues amongst SME firms is required, as is an expansion of training provision. It was noted that training in such skills could represent an upfront cost for firms with limited immediate returns. The promotion and use of Brexit related toolkits are important elements in raising awareness amongst firms about their possible trade-related skills deficits.
- The implications of Brexit on migration patterns was discussed - concerns about the impact of Brexit on the single labour market were expressed, while the possibility of EU nationals seeking to relocate to Ireland from UK was also raised. The importance of facilitating and supporting integration was highlighted – particularly in relation to second generation migrants.
- The funding model for education and training must continue to evolve to ensure appropriate outcomes. In particular, reallocation of funding towards those programme deemed effective should continue.

Appendix One: Agenda

Department of Jobs, Enterprise & Innovation and Department of Education & Skills

Brexit Stakeholder Engagement Event

Enterprise Skills Needs and Brexit

Monday 3 July 1:00-5:00pm

Aviva Stadium, Dublin

Moderator: Richard Curran

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| 12:00 - 1:00 | Tea/Coffee/Sandwiches/Soup and registration |
| 1:00-1:30 | Opening remarks Tánaiste and Minister for Jobs, Enterprise and Innovation, Frances Fitzgerald TD - Update on Brexit negotiations Minister for Education and Skills, Richard Bruton, TD - Getting education and skills Brexit-ready |
| 1:30-1:45 | Getting skills right in a changing world - Mark Keese, Head of Skills and Employability Division, Directorate for Employment, Labour and Social Affairs in OECD |
| 1:45- 3:00 | Break-out groups with rapporteurs from Centre for Cross Border Studies |
| 3:00-3:30 | Tea/Coffee |
| 3:30- 4:45 | Presentation of key issues emerging from break-out groups and panel discussion: Building the employee and enterprise skills base to respond to the challenges of Brexit Fergal O'Brien, Ibec Dr Peter Rigney, ICTU Paul O'Toole, Solas Dr Gemma Irvine, Higher Education Authority |
| 4:45-5:00 | Closing Remarks Minister of State for Higher Education, Mary Mitchell O'Connor, TD |

Appendix Two: Workshop Themes

Themes for discussion during break-out groups

According to Ireland's National Skills Strategy 2025, "Global trends and drivers of change such as changing consumption patterns and shifting power structures are shaping international markets and emerging enterprise sectors. Technology is one of the key drivers of change and improved digital skills will be vital for Ireland's future, both in higher-end dedicated ICT jobs and, more widely, as a basic core competence. Other core - or transversal - skills like languages and entrepreneurship will also underpin Ireland's use of its talent offering as a global differentiator."

The exit of the UK from the EU is also likely to be a driver of changing skills needs in Ireland. In this context each break-out groups should explore the following themes and questions.

Sectors most impacted and interventions to mitigate impacts

- i. Given the UK's possible exit from the EU Single Market and Customs Union, what are the sectors of employment, and/or occupational categories most vulnerable to the impacts of Brexit from a skills perspective?
- ii. What interventions in terms of provisions and investment in education, skills training / retraining, are necessary to mitigate these impacts?
- iii. What role do firms/employers have in equipping workers with the appropriate skills?
- iv. Does Brexit present opportunities in terms of skills supply (e.g. enhancing Ireland's attractiveness to potential high skilled EU migrants who might otherwise move to the UK)?

Border impacts and responses to assist workers

- i. How are the impacts of Brexit likely to affect businesses and employment in the border regions from a skills perspective?
- ii. What specific responses by the State should be considered to assist enterprises and their workforce in border counties in addressing the skills challenges arising?
- iii. What role do firms/employers have in equipping workers with the appropriate skills?

Appendix *Three*: Attendees

Approximately 110 people from north and south of the border attended the event. Participants included:

- Employer and employee representative bodies
- Political Parties
- Representatives from the National Skills Council and the Expert Group on Future Skills Needs
- A range of education and training providers including representatives from the Universities & Institutes of Technology, along with the Education and Training Boards and SOLAS
- Representatives from the Regional APJs and the Regional Enterprise Champions
- Representatives from a range of enterprise sectors, including Retail, Transportation, Hospitality sectors, and individual companies.