

**Submission as requested from the
Technological Higher Education Association
toward the Indecon review of the
National Training Fund**

05 March 2018

Dear Ronnie,

I have been invited by your colleague and Indecon partner, William Batt, to supply a submission that might inform your independent review of the National Training Fund 2018. I've been supplied with a copy of the terms of reference and have noted same and appreciate the opportunity to contribute to this review.

In the 2018 Budget Statement delivered on 10 October 2017, the Minister for Finance and Public Expenditure and Reform, Mr. Paschal Donohoe T.D., announced an increase in the National Training Fund levy and signalled further increases in the coming two years to reach 1.0 per cent in 2020. Alongside that, there was a commitment that employers would have a central role in determining priorities for these sectors in 2018 and beyond, and this review is an important element in shaping and delivering on that promise. To that end, the technological sector is pleased to contribute to this review.

As you are aware, higher education funding is in crisis. The recent review by the expert group chaired by Peter Cassells suggested three options to government. Understandably, disproportionate attention has been given to one suggestion around income-contingent loans. In my view, it was never the intention that these three options would be mutually exclusive. What was clear, and what remains the fact, is that increased funding is required to maintain and enhance a system that will have predictable increase in demand in the coming decade and which remains a key catalyst for economic recovery and sustainability. That funding is likely to be found from three sources: first, increased exchequer investment; second, a significant student contribution; and third, a levy on enterprise. These reflect the notion of a public good, a private good, and the pipeline of talent for our economy. The Technological Higher Education Association (THEA) welcomes the contribution of enterprise, and not only financially, to higher education. Increasingly we work closely at both national and regional level to design, monitor, and enhance our offerings best to align the knowledge, skills, and competencies required by graduates to the shifting needs of business and the economy generally. Equally, it is only reasonable that enterprise is afforded avenues to inform academia and policy of its requirements and ambitions and especially to have transparency around how

its contribution is being allocated. I am conscious in this of networks such as the Regional Skills Fora which have considerable potential in this respect.

That said, it was evident from the discussions that preceded the recent budget increase in the contribution to the National Training Fund that there were misgivings about the manner in which the fund itself had been utilized to date, its oversight, and around intentions for its future use. That there was a large sum of money not yet utilized was cited as an argument against any additional contribution. Equally, concern was expressed around the governance of this resource and the manner in which enterprise might have a voice in shaping future expenditure. From the perspective of THEA, these are not unreasonable arguments. The transparency around the existing fund, and communication of the manner in which it is being employed and the attendant benefits accruing, deserve attention. But equally, the contribution of business and industry through the NTF must be viewed with some measure; in the broad scheme of things, this, while significant and necessary, is proportionately small compared to the contributions of government and learners. Thus any governance that might be suggested through this review should not look in isolation at the NTF, but might be advised to take a broader view and to see the skills development agenda within a more strategic and broader context. There is opportunity here at the very highest governance level to work even more closely with enterprise. It will always be the case that business timelines and requirements are likely, in the main, to be more immediate than those of higher education. Notwithstanding, this sector has shown itself agile and adept at responding quickly to industry needs in putting in place efficiently and in a timely manner targeted and supportive programmes as requested. A shared governance model would assist further in this and in realizing a better shared understanding and also in shaping the realistic expectations of both sides. THEA will be prepared to work with colleagues in the IUA and IBEC in contributing to just such a governance.

The publication recently of *Project Ireland 2040* and the allied *National Development Plan 2018 - 2027* provides just such a context. Chapter 5 of that plan which sets out the vision for a strong economy, supported by enterprise, innovation, and skills speaks repeatedly of collaboration between enterprise and academia. The prospect of building competitive clusters in strategic sectors and in support of entrepreneurialism along with regional sectoral clustering which specifically links business, higher education, and the enterprise agencies, and the new Technology and Innovation Poles (TIPS) to drive regional and rural development are but examples of the type of coordination that will be required to deliver upon this plan. I strongly recommend that any consideration of the National Training Fund is located in that context and is not seen as something separate and peripheral. As we move toward an exciting new landscape for higher education with the advent of technological universities, what is required more than ever is greater cohesion between the many initiatives that are now surfacing.

A parallel consideration worth factoring in is the increasing policy alignment between further and higher education. THEA is working closely with colleagues in Education and Training Boards Ireland and the requirements of industry will need support from both sectors and it would thus be advisable that the response be coordinated in some manner. For example, enterprise will require ideally a single point of contact and optimum visibility of what offerings are available to

it. The resultant offerings, be they full-time programmes or more focused specialist modules to meet specific requirements, will most likely move well beyond what might reasonably be sponsored out of the limited NTF; for this reason again, I propose that a more strategic approach be adopted and that it be shaped in a manner that affords employers a voice in determining priorities as committed to by ministers Donohoe and Bruton.

The terms of reference for the review already suggest a number of the actions that are likely to emerge. Consistent with what I have said above, these are contingent on greater linkages between academia and enterprise. Such linkages are already there in various guises, be it the membership of governing authorities, industrial advisory groups, the excellent networks promoted by the developmental agencies, or through such as the Regional Skills Fora. A recommendation that might draw these together and provide greater intelligence around current skills availability, and future requirements both nationally and at different regional levels, would be welcome.

On behalf of the constituent institutions and THEA, I wish you well with the review and you will find our members ready and willing to engage with any constructive outcome that may emerge.

Dr Joseph Ryan

CEO THEA

On behalf of the Technological Higher Education Sector