



OECD Reviews on Local Job Creation

Employment and Skills Strategies in Northern Ireland, United Kingdom

Northern Ireland



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Preface

Across the OECD, policy-makers are grappling with a critical question: how to create jobs? The recent financial crisis and economic downturn has had serious consequences across most OECD countries, with rising unemployment rates and jobs being lost across many sectors. Indeed, for some countries, the effects the downturn brought with it are continuing, if not amplifying. Shrinking public budgets in some countries also mean that policy makers must now do more with less. In this context, it is necessary to think laterally about how actions in one area, such as employment and training, can have simultaneous benefits in others, such as creating new jobs and better supporting labour market inclusion.

Over recent years, the work of the OECD LEED Programme on Designing Local Skills Strategies, Building Flexibility and Accountability into Local Employment Services, Breaking out of Policy Silos, Leveraging Training and Skills Development in SMEs, and Skills for Competitiveness has demonstrated that local strategies to boost skills and job creation require the participation of many different actors across employment, training, economic development, and social welfare portfolios. Employers, unions and the non-profit sector are also key partners in ensuring that education and training programmes provide the skills needed in the labour markets of today and the future.

The OECD Reviews on Local Job Creation deliver evidence-based and practical recommendations on how to better support employment and economic development at the local level. This report builds on sub-national data analysis and consultations at the department level and with local stakeholders in one case study area. It provides a comparative framework to understand the role of the local level in contributing to more and better quality jobs. The report can help national, regional and local policy makers in Northern Ireland, United Kingdom build effective and sustainable partnerships at the local level, which join-up efforts and achieve stronger outcomes across employment, training, and economic development policies. Co-ordinated policies can help workers find suitable jobs, while also stimulating entrepreneurship and productivity, which increases the quality of life and prosperity within a community as well as throughout the country.

I would like to warmly thank the Department of Employment and Learning Northern Ireland for their active participation and support of the study.



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Acronyms and abbreviations

ALMP	Active labour market programmes
BCC	British Chamber of Commerce
DELNI	Department of Employment and Learning Northern Ireland
DETI	Department of Enterprise, Trade, and Investment
EU	European Union
FDI	Foreign direct investment
FE	Further education
GVA	Gross value added
GDP	Gross domestic product
ICT	Information and communications technology
ISCED	International Standard Classification of Education
LEMIS	Local Employment Intermediary Service
NI	Northern Ireland
NVQ	National vocational qualification
OECD	Organisation for Economic Co-operation and Development
OFMDFM	Office of the First Minister and Deputy First Minister
ONS	Office of National Statistics
PES	Public Employment Service
LEED	Local Economic and Employment Development
MLA	Member of legislative assembly
NEET	Not in education, employment or training
R&D	Research and development
SME	Small and medium sized enterprise
STEM	Science, technology, engineering, and math
VET	Vocational education and training
UK	United Kingdom
UKCES	United Kingdom Commission for Employment and Skills

Executive summary

Northern Ireland remains one of the most disadvantaged regions in the United Kingdom with a low level of labour productivity and a high number of economically inactive individuals. Youth unemployment, which has more than doubled since 2008, alongside high rates of unemployment among older workers (up by some 184%) also represent significant labour market challenges.

Ensuring that Northern Ireland has a dynamic and innovative economy is a key objective of the government, as highlighted in the Department for Employment and Learning's Skills Strategy – *Success through Skills – Transforming Futures*. The strategy sets out a vision of enabling people to access and progress up the skills ladder, in order to raise the skills levels of the workforce; increase productivity; as well as levels of social inclusion to secure Northern Ireland's future in the global marketplace.

The OECD Local Economic and Employment Development (LEED) Programme has developed its reviews on *Local Job Creation* as an international cross-comparative study examining the contribution of local labour market policy to boosting quality employment and productivity. In Northern Ireland, the review has looked at the range of institutions and bodies involved in employment and skills policies, focusing on local activities in the Belfast region.

Local employment and training agencies can play an integral role in creating strategies to boost job creation and increase productivity, but only when effectively integrated with economic development. In Northern Ireland, there is an opportunity to build stronger integration across employment, training and economic development policies at the local level. Flexibility in the management of employment and training programmes can provide a mechanism for local partnerships to take more strategic actions. Northern Ireland is examining ways of encouraging greater flexibility through an employment services modernisation programme to ensure local needs are better targeted.

Tackling economic inactivity will require significant outreach and a focus on developing skills for people who have been out of the labour market for extended periods. The Department for Employment and Learning and the Department of Enterprise, Trade and Investment are finalising a strategy to help address Northern Ireland's long standing challenge of economic inactivity. This will be an important vehicle to reintegrate individuals into the labour market.

Employers have a critical role to play in the provision and design of employment and training programmes to better match the supply of skills to demand. The Department for Employment and Learning has launched an Employer Engagement Plan, which is geared towards ensuring employers are able to effectively articulate their skills needs to education and training providers. It is clear that such co-operation is improving with extensive work

in the ICT, advanced manufacturing, and the food and drink sectors where employers have been heavily involved in designing programmes.

Success through Skills – Transforming Futures outlines the importance of better utilising skills for the future development of the Northern Ireland economy. Management and leadership programmes have been introduced however there is an opportunity to further build on these efforts by focusing on lower skilled employees who may be trapped in low quality jobs. Further Education colleges could be encouraged to be more active in this area.

The global crisis has put significant pressure on certain disadvantaged groups and pushed vulnerable individuals even further away from the labour market. There are a broad range of programmes specifically targeted to at-risk groups in Northern Ireland but there is a clear need for greater co-ordination and integration of programmes and services at the local level.

Key recommendations

Better aligning programmes and policies to local economic development

- Inject flexibility in the management of employment programmes and policies, while also ensuring sufficient capacity is built and supported at the local level.
- Examine local governance mechanisms to ensure integrated actions are being taken across employment, training and economic development portfolios.

Adding value through skills

- Continue to strengthen the role of employers (especially SMEs) in the design and delivery of vocational education and training to ensure the supply of skills meets local demand.
- The Northern Ireland apprenticeship system should be reformed to make it more fit for purpose and responsive to non-traditional sectors at the local level.
- Encourage local job centres offices to be more proactive in matching unemployed clients to employers.
- Provide robust career advice to youth and adults, which is based on local labour market information and linked to growing job opportunities. Examine the potential role of careers clusters in creating pathways for individuals into vocational education and training and work.

Targeting policy to local employment sectors and investing in quality jobs

- Identify and provide targeted support to local sectors of growth while improving the quality of local jobs by working with employers to raise demand and encourage the better utilisation of skills.
- Ensure policies and programmes also focus on employed individuals who may be at-risk of redundancy and provide progression opportunities.
- Embed the promotion of entrepreneurship in a wide-range of labour market policies and programmes and ensure that data is collected on entrepreneurial activity.

Being inclusive

- Promote the provision of area-based approaches through the community and third sectors and ensure that they are co-ordinated and supported by mainstream

employment and training services. This will ensure that vulnerable individuals (long-term unemployed and economically inactive) receive tailored support to help them re-enter the labour market.

- Continue to focus on ways of reducing youth employment and assisting NEETs and ensure that this is effectively integrated into wider employment policies and programmes.
- Review the current suite of child care policies and programmes to ensure they are supporting the integration of women (in particular single mothers) into the labour market.

Reader's guide

The OECD Local Job Creation project involves a series of country reviews in Australia, Belgium (Flanders), Canada (Ontario and Quebec), Czech Republic, France, Ireland, Israel, Italy (Autonomous Province of Trento), Korea, Sweden, the United Kingdom and the United States (California and Michigan). The key stages of each review are summarised in Box 1.

Box 1. Summary of the OECD LEED Local Job Creation project methodology

- Analyse available data to understand the key labour market challenges facing the country in the context of the economic recovery and apply an OECD LEED diagnostic tool which seeks to assess the balance between the supply and demand for skills at the local level.
- Map the current policy framework for local job creation in the country.
- Apply the local job creation dashboard, developed by the OECD LEED Programme (Froy et al., 2010) to measure the relative strengths and weaknesses of local employment and training agencies to contribute to job creation.
- Distribute an electronic questionnaire to local employment offices to gather information on how they work with other stakeholders to support local job creation policies.
- Conduct an OECD study visit, where local and national roundtables with a diverse range of stakeholders are held to discuss the results and refine the findings and recommendations.
- Contribute to policy development in the reviewed country by proposing policy options to overcome barriers, illustrated by selected good practice initiatives from other OECD countries.

While the economic crisis is the current focus of policy-makers, there is a need for both short-term and longer-term actions to ensure sustainable economic growth. In response to this issue, the OECD LEED Programme has developed a set of thematic areas on which local stakeholders and employment and training agencies can focus to build sustainable growth at the local level. These include:

1. **better aligning policies and programmes to local economic development challenges and opportunities;**
2. **adding value through skills:** Creating an adaptable skilled labour force and supporting employment progression and skills upgrading;

3. **targeting policy to local employment sectors and investing in quality jobs**, including gearing education and training to emerging local growth sectors and responding to global trends, while working with employers on skills utilisation and productivity; and,
4. **being inclusive** to ensure that all actual and potential members of the labour force can participate in, and contribute to, future economic growth.

Local Job Creation Dashboard

As part of its reviews on Local Job Creation policies, the LEED Programme has drawn on its previous research to develop a set of best practice priorities in each thematic area, which is used to assess local practice through the local job creation dashboard (see Box 2). The dashboard enables national and local policy-makers to gain a stronger overview of the strengths and weaknesses of the current policy framework, whilst better prioritising future actions and resources. A value between 1 (low) to 5 (high) is assigned to each of the four priority areas corresponding to the relative strengths and weaknesses of local policy approaches based on LEED research and best practices in other OECD countries.

Box 2. Local Job Creation Dashboard

Better aligning policies and programmes to local economic development

- 1.1. Flexibility in the delivery of employment and vocational training policies.
- 1.2. Capacities within employment and VET sectors.
- 1.3. Policy co-ordination, policy integration and co-operation with other sectors.
- 1.4. Evidence based policy making.

Adding value through skills

- 2.1. Flexible training open to all in a broad range of sectors
- 2.2. Working with employers on training
- 2.3. Matching people to jobs and facilitating progression
- 2.4. Joined up approaches to skills

Targeting policy to local employment sectors and investing in quality jobs

- 3.1. Relevance of provision to important local employment sectors and global trends and challenges.
- 3.2. Working with employers on skills utilisation and productivity.
- 3.3. Promotion of skills for entrepreneurship.
- 3.4. Promoting quality jobs through local economic development.

Being inclusive

- 4.1. Employment and training programmes geared to local “at-risk” groups.
- 4.2. Childcare and family friendly policies to support women’s participation in employment.
- 4.3. Tackling youth unemployment.
- 4.4. Openness to immigration.

The approach for Northern Ireland

This study has looked at the range of institutions and bodies involved in workforce and skills development in Northern Ireland. A key focus of the project has been to examine the range of strategies for addressing the problems of NEETs (young people who are not in employment, education or training) and for employer engagement with the public employment service.

In-depth field work focused on local activities in the Belfast region. Interviews were conducted with a wide set of stakeholders. An electronic questionnaire was sent to 35 employment offices seeking information on their contributions to local job creation policies as well as the degree of flexibility in the management of the employment and training system. In March 2013, a local roundtable was held in Belfast in addition to a departmental roundtable to discuss the findings and recommendations. These meetings brought together a range of departmental and local stakeholders, including relevant officials in the fields of employment, economic development and training; employers; and other local community and social development organisations.

References

Froy, F., S. Giguère and E. Travkina (2010), *Local Job Creation: Project Methodology*, OECD Local Economic and Employment Development (LEED), OECD, Paris, www.oecd.org/cfe/leed/Local%20Job%20Creation%20Methodology_27%20February.pdf.

Chapter 1

Policy context for employment and skills in Northern Ireland

This chapter provides an overview of Northern Ireland's employment and skills system. While there are encouraging signs of growth in Northern Ireland, it lags behind other regions in the United Kingdom on some key employment and economic indicators. In order to build a strong exporting economy, the government has emphasised the importance of skills within Success through Skills – Transforming Futures.

Overview

Responsibility for the governance of Northern Ireland is divided between the devolved Northern Ireland Assembly at Stormont and the United Kingdom Parliament at Westminster. Most social and economic policy is set by the Northern Ireland Executive, a power sharing coalition government drawn from the Assembly.

Political power was first devolved to Northern Ireland in 1921 with the establishment of the Northern Ireland Parliament at Stormont. This lasted until the introduction of direct rule from Westminster (the parliament of the United Kingdom) in 1972 following the outbreak of the Troubles. This was intended as a temporary measure and there were various attempts to restore devolution, however it was not until the Belfast Agreement of April 1998, also known as the Good Friday Agreement, that the present Northern Ireland Assembly was established. A devolved government was formed in 1999 but was suspended in 2002 after a breakdown in trust between the parties. Following the St Andrews Agreement in October 2006, devolution was restored in May 2007.

The Assembly has 108 members (MLAs), six for each of the 18 Westminster constituencies elected by proportional representation, and has full authority for all transferred matters. Members are required to designate themselves as nationalist, unionist or other for the purpose of cross community votes. The First Minister is nominated by the largest party in the largest designation and the deputy First Minister is nominated by the largest party in the second largest designation and the two posts form a joint office. Eleven other ministerial positions are then allocated between the parties through the d'Hondt system. The First Minister, deputy First Minister and the 11 other departmental ministers form the Northern Ireland Executive. The ministries and their key areas of responsibility are outlined in Table 1.1. There are proposals to review this structure and to reduce the number of departments and ministers but this is linked to the political balance achieved within the Executive.

Table 1.1. Government departments in Northern Ireland, United Kingdom

Department	Key areas of responsibility
Office of the First Minister and deputy First Minister	Policy co-ordination, external relations, equality, victims
Department of Agriculture and Rural Development	Agriculture, rural development, sea fisheries, forestry
Department of Culture Arts and Leisure	Sport, arts, museums, libraries
Department of Education	Education up to age 19, youth policy
Department for Employment and Learning	Labour, skills, further and higher education
Department of Enterprise, Trade and Investment	Economic development, energy, tourism
Department of the Environment	Local government, planning, road safety
Department of Finance and Personnel	Finance, personnel, statistics
Department of Health, Social Services and Public Safety	Health, social services, fire services
Department of Justice	Criminal law, policing, courts, prisons, probation
Department for Regional Development	Roads, water, ports and airports, strategic planning
Department for Social Development	Housing regeneration, welfare

Within the Executive, there is also a Sub-Committee on the Economy which is chaired by the Minister of Enterprise, Trade and Investment. This was set up in 2010 following a recommendation by the Independent Review of Economic Policy to prioritise action on the economy and oversee preparation of an Economic Strategy for Northern Ireland. The other members of the Sub Committee include Ministers involved in key aspects of economic policy – the Ministers for Regional Development, Employment and Learning, Finance and Personnel, Education and the Office of the First Minister and deputy First Minister.

Along with Westminster and Stormont, Northern Ireland has a third tier of government in the form of 26 local councils, which are involved in policy and decision-making and the delivery of a range of services at the local level. The present system of local government dates from the 1970s and continued to function during the period of the Troubles. The roles and functions of local government are more limited than those of both English or Scottish local government, and exclude, for example, responsibility for delivery of health and social services, education and housing.

In the light of the devolution of power to Stormont, a Review of Public Administration was launched in 2002 to consider the future structure of local government and other public services. Its overall intention was to reduce the number of councils and to grant them additional powers. Following a number of proposals, the Executive has agreed to introduce an eleven council model with expanded responsibilities; the process of transition will be completed by April 2015. The transferred powers will include additional responsibility for local economic development and community planning. A map showing the existing 26 councils and the 11 new councils is shown below. The new councils largely consist of groupings of the old councils although there are some variations in boundaries (see Figure 1.1).

Figure 1.1. Existing and new government structures



Source: Department of the Environment (2009), *Local government service delivery: Economic appraisal of options for local government service delivery in its entirety*, Belfast: PricewaterhouseCoopers.

Northern Ireland's economy

Similar to many OECD regions, the economy of Northern Ireland was traditionally based on manufacturing but has recently seen significant growth in the services sector. Within the United Kingdom (UK), Northern Ireland's per capita gross value added (GVA) has been significantly lower than the national average, and remains one of the United Kingdom's most disadvantaged regions on a number of other indicators (see Table 1.2). It has the lowest wages, one of the lowest labour productivity rates and a high level of economic inactivity. The economy is heavily dependent on the public sector and the private sector remains weak compared with other European economies.

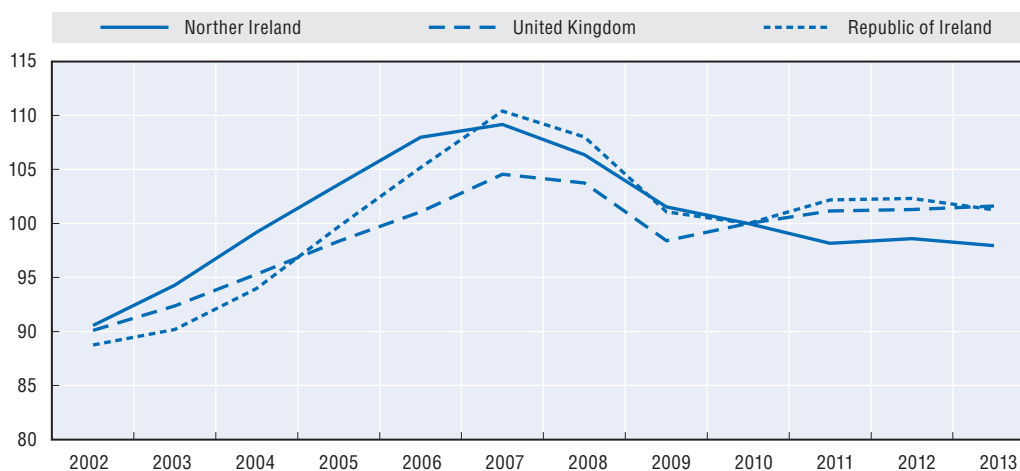
Table 1.2. **Key economic indicators for Northern Ireland (compared to the United Kingdom average)**

Indicator	Northern Ireland	United Kingdom
GVA per capita (2011)	16 531	20 873
Manufacturing as % of GVA (2010)	15.3%	11.1%
Public sector employment as % of total employment (2012)	28.3%	19.5%
Employment rate (March-May 2013)	66.7%	71.4%
Unemployment rate (March-May 2013)	7.8%	7.8%
Economic inactivity rate (March-May 2013)	27.5%	22.5%
Average weekly earnings (April 2012)	360.2 GBP	405.0 GBP

Source: Office of National Statistics (2013), *Regional Economic Indicators*.

The economy of Northern Ireland has suffered more from the global economic downturn within the United Kingdom and has been slower to recover. Output has fallen by 11% from its peak level in 2007 (see Figure 1.2 below). Economic growth was faster in the early part of the decade but peaked earlier than either the United Kingdom or the Irish economy, then fell and has not yet recovered to its 2010 level.

Figure 1.2. **Comparison of growth in GDP in Northern Ireland, United Kingdom and Republic of Ireland, 2002-13**



1. For Northern Ireland, GDP growth is measured using the NI Composite Economic Index.

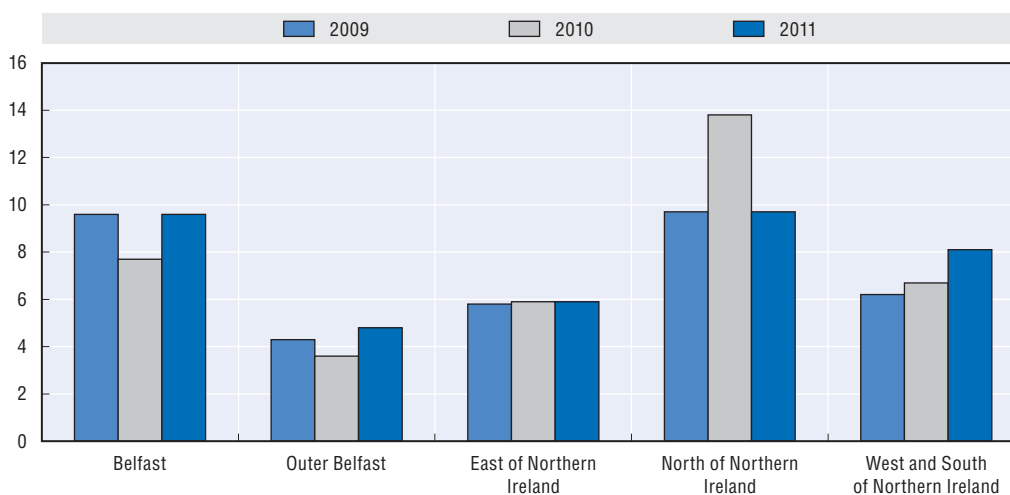
Source: Department of Enterprise, Trade and Investment (DETI).

A major reason for the economic difficulties in Northern Ireland has been the boom and collapse in property prices which peaked in late-2007 and have now fallen by almost 60% on average. This has had implications for the construction industry and also for households and businesses that invested in property and are left with high levels of debt and negative equity.

The economic recovery has also been constrained by the high level of dependence on the public sector in Northern Ireland. Public sector employment accounts for almost 30% of all employment, and public expenditure as a proportion of regional GVA is over two-thirds. With constrained growth in public expenditure as a result of the UK austerity programme, this has limited the growth of the local economy. At the same time, the economic crisis has compounded a number of Northern Ireland's existing economic weaknesses.

As a result of these developments, the Northern Ireland labour market has deteriorated sharply in recent years. Unemployment has almost doubled since the start of the recession in 2007 and in March-May 2013 stood at 68 000, or 7.8% of the labour force. There are strong regional differences in unemployment across Northern Ireland (see Figure 1.3). Within Northern Ireland, the regions of Belfast and the North of Northern Ireland have the highest unemployment rates. While declining in the North of Northern Ireland, unemployment rose in Belfast from 2010-11.

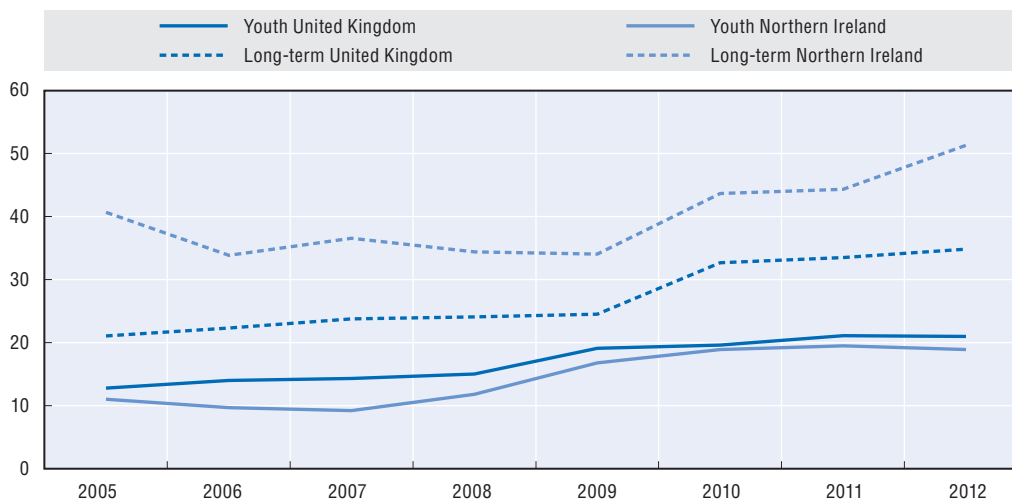
Figure 1.3. **Unemployment across regions in Northern Ireland, 2009-11**



Source: Office of National Statistics (2012), Labour Force Survey.

Rising youth unemployment has been a problem in Northern Ireland like elsewhere in the United Kingdom during the recession. Prior to the recession, youth unemployment had fallen below 10% but rose from 2008 onwards, peaking at 21.4% in 2012, before falling back to 18.5% in 2013. Looking at the figures for claimant unemployment, in the period from March 2008 to March 2013, youth (16-24) unemployment rose from just over 8 000 to around 17 600, more than doubling (up 119%). As shown in Figure 1.4, the youth unemployment rate is close to the UK average (approximately 20%), however the long-term unemployment rate is significantly higher (16.5 percentage points) with a rate of approximately 50%.

Figure 1.4. **Long-term and youth unemployment rate in Northern Ireland and in the United Kingdom, 2005 to 2012**



Source: Eurostat, EU Labour Force Survey.

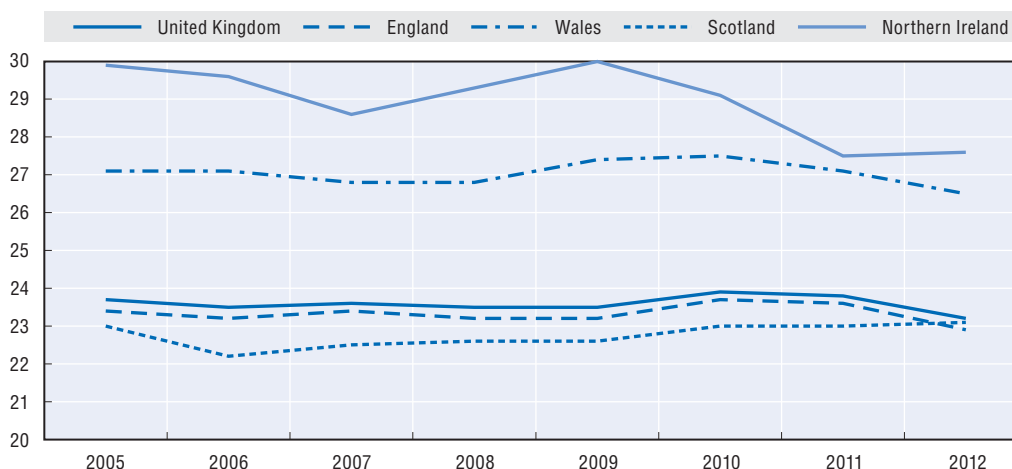
Evidence from the statistics quoted in the latest issue of the Department for Employment and Learning's *Labour Market Bulletin* (Report 24) for those claiming Job Seekers' Allowance suggests that while unemployment in older age groups may be smaller numerically compared to youth, it has increased faster during the recession. In the period March 2008 – March 2013, overall unemployment rose by 166% but older workers, namely the 45-59 year old age group, experienced an increase of 184% from 5 570 to nearly 16 100 (Department for Employment and Learning, 2013a).

Northern Ireland's unemployment rates have tended in recent years to be close to the UK national average but the economic inactivity rate has tended to be well above that of other regions. In March-May 2013, the economic inactivity rate was 27.5% compared with the United Kingdom average of 22.5%. In Northern Ireland, inactivity rose between 2007- 2009 before decreasing to levels below that of its 2009 peak, as illustrated in Figure 1.5. However, it should be noted that even when unemployment rates were declining in the early 2000s, the inactivity rate remained stubbornly high, emphasising the challenges confronted when seeking to reduce it.

The high level of economic inactivity is a significant concern. It is estimated that of the economically inactive, aged 16-64, in Northern Ireland, 30% are students, 25% are sick or disabled, 24% are looking after the family/home, 13% are retired and 8% are economically inactive for "other" reasons. A particular focus of policy has been on young people not in education, employment or training (NEETs), of whom there are estimated to be around 40 000. A cross-departmental government strategy was developed in May 2012 to address the needs of this group and there is also a strategy being developed to deal with the broader issue of economic inactivity.

As indicated earlier, the level of labour productivity in Northern Ireland has traditionally been well below the United Kingdom (UK) average. Productivity, as measured by GVA per capita is 79.5% of the UK average and measured by output per hour stands at 84% of the UK average. The reasons for this productivity gap, which has remained fairly constant over a number of decades, are usually attributed to the structure of industry in Northern Ireland which tends to be made up of industries that by their nature are lower

Figure 1.5. **Economic inactivity rate in the United Kingdom and its regions, 2005 to 2012**



Source: Office of National Statistics (2012), Labour Force Survey.

value added (such as plastics & rubber, consumer electronics, healthcare, paper, printing and packaging, as well as building & construction) compared with other parts of the UK.

The overriding issue in Northern Ireland is the lack of demand as the economy struggles to recover and to generate enough growth to increase employment. This is a particular problem in Northern Ireland because the private sector is relatively small. The ability to attract foreign direct investment has also been constrained by the economic recession that has depressed flows of international investment, particularly from the United States, which has been a traditional source of investment into Northern Ireland. However, there has been some success with Invest NI, the body charged with delivering the Department of Enterprise, Trade and Investment's business support policies, and their generation of a number of significant new investments in recent years, particularly in the ICT and financial services sectors.

Historically the region has also been challenged by relatively low levels of business expenditure on research and development (R&D) however, the trend is more promising as Northern Ireland continues to close the gap with the UK average. In 2011 Northern Ireland in-house R&D as a proportion of GVA was 1.2%, compared with the UK average of 1.3%.

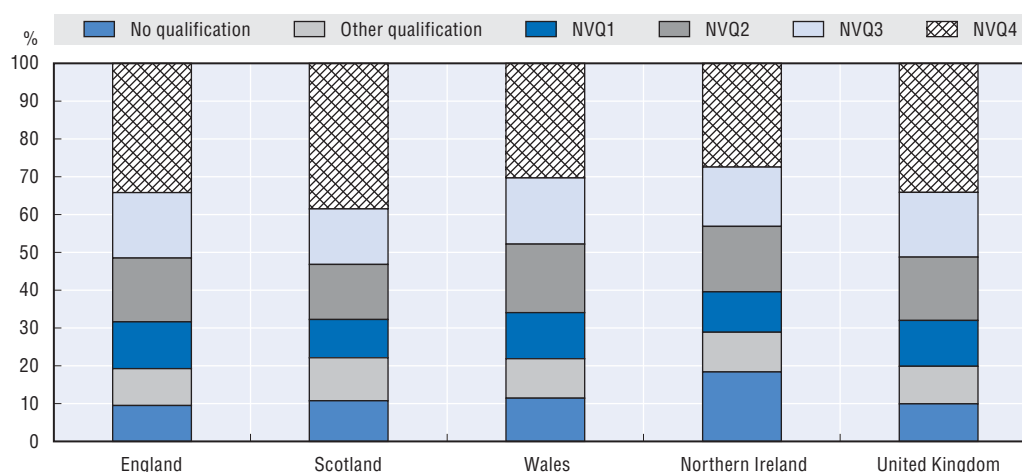
An associated challenge is rebalancing the economy towards the private sector while at the same time rebuilding as it recovers from the recession. This requires a twin track approach, which includes building a knowledge intensive economy through skills development activities while dealing with the large proportion of the workforce with little or no qualifications and a high rate of economic inactivity.

Northern Ireland has one of the highest birth rates in Western Europe, although it has been declining over time, which means that there is a strong supply of young people coming into the labour market after school and further and higher education. Too few job opportunities have resulted in higher rates of youth unemployment than elsewhere and a loss of some of the most talented young people who emigrate to the rest of the UK, and elsewhere, in search of work.

Northern Ireland's skills profile

The Northern Ireland skills profile, while improving, remains weak. Compared to other regions in the UK, Northern Ireland continues to have proportionately more people with low or no qualifications and too few with high level qualifications. As Figure 1.6 shows, in 2012 some 18.4% of Northern Ireland's working age population had no qualifications at all: this was significantly higher than the United Kingdom average (9.9%) and well above the average for England (9.5%), Wales (11.4%) and Scotland (10.7%). The position is improving though: 10 years ago, one in three working age adults had no qualification; today the figure is slightly better than one in five.

Figure 1.6. **Qualifications of working age population (January 2012-December 2012)**



Source: Office of National Statistics (2013), Annual Population Survey.

The latest available evidence on the employer demand for, and investment in, skills in Northern Ireland comes from the Employer Skills Survey 2011 published by the UK Commission for Employment and Skills in October 2012 (UKCES, 2012). Some of the key findings from this report can be summarised as follows:

- 10% of establishments in Northern Ireland reported having a vacancy in 2011 but only 4% reported having a vacancy that was “hard to fill” while 3% had a vacancy that was “difficult to fill” due to a lack of skills, qualifications or experience;
- although the percentages of businesses had not changed much since the previous survey in 2008, the actual number of skill shortage vacancies had increased from 3 100 to 5 500, and 28% of all vacancies were hard to fill due to skills shortages;
- the largest rise in vacancies and the largest increase in hard to fill vacancies was in the business services sector;
- within the existing workforce, 12% of employers reported having one or more employees with skills gaps and are more common than skills shortages;
- 63% of establishments provided training for staff, compared with 74% in 2008, reflecting the difficult trading conditions; and,
- training provision was much lower in smaller business and fell more sharply between 2008-2011.

These findings emphasise the challenges Northern Ireland confronts in transforming its economy. Further contributing to the lack of a skilled labour force in Northern Ireland is that a significant proportion of students with A Level qualifications (e.g. upper-secondary qualifications) study in universities in England, Scotland and Wales. Results from a longitudinal study by the Department for Employment and Learning showed that 55% of those who left Northern Ireland in 2006-07 to study at a British university had not returned after 3.5 years, thus depleting the workforce further.

The Programme for Government, the Economic Strategy and the Skills Strategy

The policy framework for employment and economic development in Northern Ireland for the period 2011-15 is set by three strategic documents: 1) the Executive's *Programme for Government for Northern Ireland 2011-2015*; 2) the *Economic Strategy for Northern Ireland* (2012b); and 3) *Success through Skills – Transforming Futures* (Northern Ireland Executive, 2012a; Department for Employment and Learning, 2011).

Programme for Government

In March 2012, the Northern Ireland Executive launched its overall *Programme for Government for Northern Ireland 2011-2015*, following a period of public consultation (Northern Ireland Executive, 2012a). The Programme for Government makes the economy a top priority and includes 82 commitments. Of those, a number relate to labour market policies including the need to increase uptake in economically relevant Science, Technology, Engineering and Mathematics (STEM) places; up-skill the working age population by delivering over 200 000 qualifications; develop and implement a strategy to reduce economic inactivity through skills training, incentives and job creation (in partnership with the Department of Enterprise, Trade and Investment); support people (with an emphasis on young people) by providing skills and training; and, ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying in Northern Ireland.

Economic Strategy for Northern Ireland

In March 2012, the Minister of Enterprise, Trade and Investment (on behalf of the Executive Sub-Committee on the Economy) launched an *Economic Strategy for Northern Ireland* following a period of public consultation. The Economic Strategy forms an integral part of the overall *Programme for Government 2011-2015*, launched by the Executive at the same time (Northern Ireland Executive, 2012a; Northern Ireland Executive 2012b).

The Economic Strategy defines the overarching goal of improving the economic competitiveness of the Northern Ireland economy and tackling disadvantage. In order to achieve this, the Executive is committed to strengthening competitiveness through a focus on export-led economic growth. This means deepening and diversifying the export base in order to increase employment and wealth. The key drivers for this will be innovation, research and development and the skills of the workforce.

The Economic Strategy identifies a number of key sectors with the greatest potential for growth, including telecommunications and ICT, life and health sciences, agri-food, advanced materials and advanced engineering. It also highlights the opportunities in business and financial services, creative industries, tourism, the rural economy and the third sector.

Central to the economic strategy is the desire to *rebalance* the economy to improve the wealth, employment and living standards of everyone in Northern Ireland. Alongside this, a number of immediate and complementary actions are being taken aimed at *rebuilding* the economy to address the impact of the global economic downturn, particularly on employment. One of the five themes listed under “rebalancing of the economy” is “improving employability and the level, relevance and use of skills”.

In November 2012, the Executive announced an *Economy and Jobs* initiative with funding of GBP 200 million, which was designed to supplement the measures outlined in the Economic Strategy (Northern Ireland Executive, 2012c). The actions were grouped under three areas of activity: i) supporting people; ii) supporting business, and; iii) supporting investment. Under supporting people, additional actions were announced to ensure that those out of work have access to the right training, skills and education opportunities. While boosting provision of support to improve individuals’ levels of employability, the actions also focus on addressing the needs of young people and other disadvantaged groups and providing further support aimed at improving capabilities in key areas, such as STEM subjects.

Skills Strategy for Northern Ireland

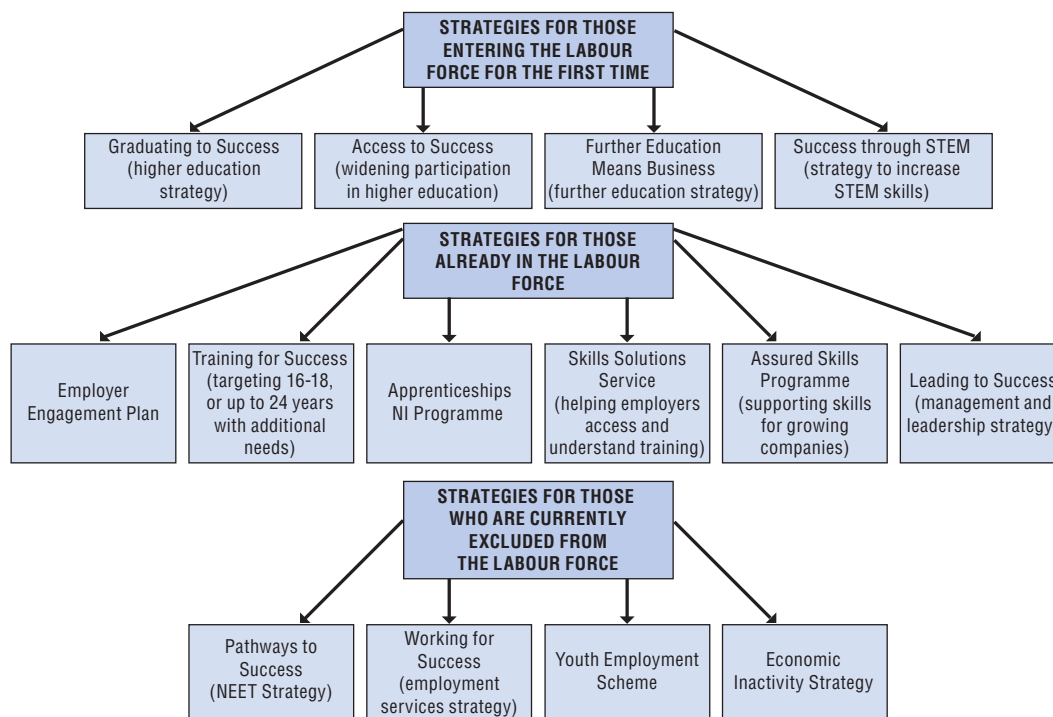
The Skills Strategy for Northern Ireland, *Success through Skills – Transforming Futures*, published in May 2011 provides details on actions that need to be taken by 2020, and for whom, if Northern Ireland is to compete successfully in a global market place (Department for Employment and Learning, 2011). This strategy forms an integral part of the Executive’s Economic Strategy by supporting growth in productivity and providing the skilled workforce needed for the modern knowledge intensive export-driven economy.

The Strategy emphasises the need to provide training that can equip the workforce with recognised qualifications that meet the current and future skill needs of employers. The types of skills required now and in the future are identified and include: essential skills – literacy, numeracy and information and communications (ICT); employability skills, including team-working, problem-solving and flexibility; and, occupational/sector skills, including skills and competences established in the Qualifications and Credit Framework and employer specific skills, which build on the qualifications framework. The Strategy sets out four strategic goals to be achieved by 2020:

1. To increase the proportion of those people in employment with Level 2 skills and above to 84-90% by 2020, from a baseline of 71.2% in 2008.
2. To increase the proportion of those people in employment with Level 3 skills and above to 68-76% by 2020, from a baseline of 55.6% in 2008.
3. To increase the proportion of those people in employment with Level 4 -8 skills and above to 44-52% by 2020, from a baseline of 33.2% in 2008.
4. To increase the numbers qualifying from Northern Ireland higher education institutions with graduate and post-graduate level courses in STEM subjects (with an emphasis on physical and biological sciences, mathematical and computer science, engineering and technology) by 25- 30% in 2020, from a baseline of 18% in 2008.

The Skills Strategy is underpinned by a number of other strategies for the various areas of activity for which the Department for Employment and Learning is responsible. The relationship between the various strategies and other strands of work is set out in a document published by the department in late-2012, *Structured to Deliver Success* (DEL, 2012a) (see Figure 1.7).

Figure 1.7. **Relationship between various strategies under Structured to Deliver Success**



Institutional structures

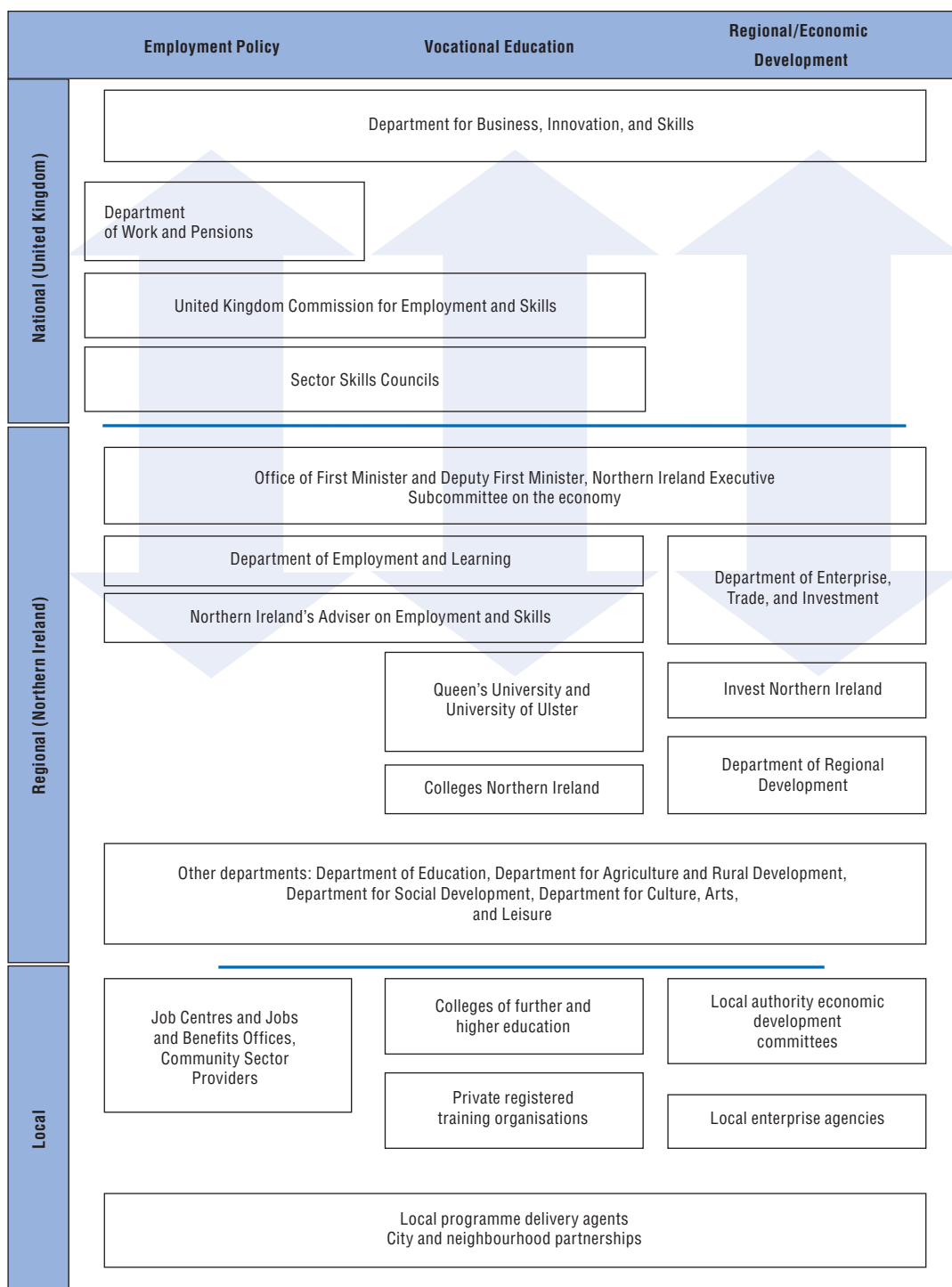
Responsibility for delivery of the Economic Strategy and the Skills Strategy resides primarily with the Department of Enterprise, Trade and Investment and the Department for Employment and Learning. However a number of other bodies and organisations are also involved. A map illustrating the institutional structure is shown in Figure 1.8.

The governance framework for employment policies and vocational education

The Department for Employment and Learning is responsible for labour market policy and delivery. The department's aim is threefold: to promote learning and skills; to prepare people for work; and, to support the economy. It has two main customer groups, namely, individuals who are seeking to improve their skills or who require support and guidance to progress towards employment, including self-employment; and, businesses in both the public and private sectors.

The Public Employment Service is based within the department with 28 Jobs & Benefit Offices (including seven in Belfast) and seven Job Centres across Northern Ireland. The Jobs & Benefit Offices bring services for job seekers and benefit claimants together under one roof to provide a more integrated service. Through these offices, job seekers looking for work can access the latest information on vacancies in their area or can speak to an Employment Service Adviser. Advisers offer one to one support and guidance for individuals who are nearly ready for work. It is the role of the Employment Services Adviser to determine the individual's needs, as well as which type of services the individual needs under the Steps to Work Programme.

Figure 1.8. Northern Ireland: Institutional map at national, regional and local levels



The Steps to Work Programme is the main employment programme designed to assist unemployed individuals. It is delivered by Lead Contractors, which have a sub-contracting relationship with the Department for Employment and Learning. Steps to Work was introduced in 2008, succeeding the New Deal Programmes. The programme offers a three step menu-based approach which is designed to fit the needs of the individual and maximise their employability. The public employment service is currently undergoing a modernisation programme (Momentum) which seeks to professionalise the service and provide Employment Service Advisers with the necessary skills to make the services more effective in the modern labour market. Steps to Work will be replaced by Steps 2 Success, which will commence operations in June 2014. The key objectives of Steps 2 Success are:

- focus on employment outcomes rather than prescribed processes;
- target those most in need;
- create stronger incentives for helping those participants who are further from work;
- ensure that participants get the support they need;
- deliver value for money for the taxpayer;
- significantly reduce prescription for providers;
- build the right market for the future – with long-term investment, competition and a market that is inclusive, fair and open to specialist organisations; and,
- demonstrate resilience to future changes – including Universal Credit.

Alongside its labour market activities, the Department for Employment and Learning is also responsible for policy and funding of Northern Ireland's six Further Education (FE) colleges. Further Education in Northern Ireland has traditionally occupied the sphere between compulsory school education and higher education, delivered by universities (Álvarez-Galván, J.-L., 2014, forthcoming). In terms of higher education, there are also two universities, which are independent private bodies that receive their incomes from a number of sources, including student fees but also public funds (see Table 1.3).

Table 1.3. Northern Ireland's universities and further education colleges

Universities	Further education colleges
1. Queen's University	1. Belfast Metropolitan College
2. University of Ulster	2. Northern Regional College
	3. North Western Regional College
	4. Southern Regional College
	5. South Eastern Regional College
	6. South West College

The department also provides a publicly funded Careers Service which is delivered by over 100 professionally qualified Careers Advisers in 27 locations including Careers Resource Centres, Job Centres and Jobs & Benefits offices throughout Northern Ireland. The Service also has formal partnership agreements with all post-primary schools and Careers Advisers work with young people in schools, Further Education colleges and training providers. Young people are initially introduced to the careers service in their school. Careers Advisers provide a service tailored to clients' needs and facilitate decision making towards education, employment, training, and career changes.

The Department for Employment and Learning works with the Department of Education, which is responsible for education up to age 19 and for youth policy. The

Department of Education contributes to the skills agenda by aiming to increase the numbers of children leaving school with good qualifications and seeking to improve literacy and numeracy levels. It also collaborates with the Department for Employment and Learning on the Careers Service and on measures to deal with individuals not in education, employment or training (NEETs), particularly in the 16-18 age group. The Minister for Education also sits on the Executive Sub-Committee for the Economy.

Alongside the departmental and ministerial infrastructure is the Northern Ireland Adviser on Employment and Skills, who plays an important role in providing evidence-based advice on employment and skills to the Minister for Employment and Learning and represents Northern Ireland on the UK Commission for Employment and Skills. The adviser also promotes the benefits of skills investment and best practices to local employers and in particular to the small business sector. The Northern Ireland Adviser submitted two important reports – one on the identification of priority skills areas in Northern Ireland and the second on improving the effectiveness of the employment and skills advisory infrastructure (NIAES, 2011a; NIAES, 2011b). Prior to this, the Adviser submitted three reports in 2010 in the areas of recovering the unemployed; improving SME engagement; and, improved leadership and management.

Apprenticeships

There has been considerable recent policy interest in the apprenticeship system in Northern Ireland and how it might be strengthened. The existing programme, ApprenticeshipsNI aims to provide participants with the opportunity to take part in a Level 2/Level 3 apprenticeship where the apprentice is in paid employment from day one. The Apprenticeship Framework is an agreed set of qualifications, developed by industry recognised bodies, such as Sector Skills Councils, with the help of employers in their industry.

Recent information published by the Department for Employment and Learning illustrates that about 8 000 people started an apprenticeship in 2011-12 (Department for Employment and Learning, 2013b). The majority of participants are in the Catering and Hospitality; Health and Social Care; and Customer Service frameworks. Around 60% of leavers achieve full frameworks at either Level 2 or Level 3.

There has been increasing interest in apprenticeships both as a route into employment and also in raising the skill levels of the workforce. However, as it currently stands, there are only a limited number of apprenticeships available within traditional sectors. The Minister for Employment and Learning has recently announced a review of apprenticeships which will look at a wide range of issues relating to apprenticeships including the role of stakeholders (employers, training providers, unions, academics, and representatives from the Further Education sector and government) in shaping the programmes, the types of apprenticeships that would benefit from government funding, how SMEs can be encouraged to engage with apprenticeships, the potential expansion of apprenticeships into the professions, and, how parity can be created between apprenticeships and other further and higher education pathways. An Expert Panel has been appointed to support the Review.

The governance framework for economic development

The Department of Enterprise, Trade and Investment is the lead department responsible for economic development policy in Northern Ireland. The department's objective is to grow a dynamic innovative economy and it takes the lead role in delivery of the Economic Strategy (NI Executive, 2012a).

Invest NI is responsible for the delivery of the department's policies and strategies in relation to business support in Northern Ireland. These include encouraging investment (foreign and indigenous); stimulating entrepreneurial activity; increasing exports and trade; promoting R&D/innovation; and providing development support. Invest NI provides support to attract both domestic and foreign direct investment from a wide range of sectors and they have been particularly successful in attracting investment from the ICT and financial services sectors.

Invest NI seeks to support wealth creation in Northern Ireland as an enabler and catalyst to grow innovation, exports, productivity and employment throughout the business base, resulting in increased living standards for all. Its support is aligned fully with the drivers of economic growth and its activities are targeted to increase the size, competitiveness and value of Northern Ireland's private sector by embedding innovation, growing local companies, increasing the export base and attracting inward investment.

Invest NI has a role in supporting regional economic development within Northern Ireland and it has local offices in Belfast, Derry-Londonderry, Newry, Omagh, Ballymena, Coleraine, Craigavon and Enniskillen. Its remit also requires it to support areas suffering from economic and social disadvantage. Invest NI has a role in skills development and works with the Department for Employment and Learning on programmes such as the Skills Solution Service and Assured Skills Programme. The Assured Skills Programme is a joint project which seeks to ensure the delivery of a range of activities and interventions guaranteeing potential inward investment companies, or existing investment companies wishing to expand, that Northern Ireland has the ability to satisfy future skills and training needs.

Other departments are also engaged in economic development including the Department for Agricultural and Rural Development which has responsibility for the agri-food sector and rural development, the Department for Social Development, which supports neighbourhood renewal schemes in disadvantaged areas, the Department for Culture Arts and Leisure, which is responsible for supporting the creative industry sector, the Department for Regional Development, which is responsible for the provision of infrastructure and spatial planning strategies, and the Office for the First and deputy First Minister, which supports pan-government programmes.

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Chapter 2

Overview of the Northern Ireland case study area

To better understand the role of the local level in contributing to job creation and productivity, this study examined local activities in the Belfast region. The area faces unique employment and labour market challenges, which affects its growth and competitiveness. This chapter provides a labour market and economic overview of the region as well as the results from an OECD LEED statistical tool which looks at the relationship between skills supply and demand at the sub-national level.

Overview of the Belfast region

In-depth fieldwork for this review focused on local activities in Belfast as defined by the Belfast City Council area. This section of the report provides an overview of key trends in the region to help contextualise its labour market challenges and opportunities.

Belfast has a strong industrial and economic history being the centre for linen manufacturing and shipbuilding on the island of Ireland. Following the outbreak of the Troubles in the 1970s and 1980s, Belfast is trying to reinvent its local economy. It continues to play an important role as the economic driver of the whole of Northern Ireland and it is a major employer of people both in and outside the city. There are currently an estimated 108 000 people who work in Belfast but live outside Belfast (in-commuters), up from 96 000 in the 2001 Census year. This represents approximately 55% of the estimated total number of people employed in the Belfast economy.

Belfast acts as a service centre for the Northern Ireland economy; one-third of all service sector jobs are located in the area, and the city provides half of all hi-tech manufacturing jobs, including three in five computer and related service jobs, and two-thirds of creative media and arts jobs. It is also a magnet for service sector foreign direct investment (FDI), attracting two-thirds of planned investment by and assistance to foreign-owned client companies (Invest NI, 2010). It is perhaps unsurprising that Belfast is a “regional economic driver” to an even greater extent than Edinburgh and Glasgow combined in Scotland, or Manchester and Liverpool combined in the North West of England (BCC, 2009).

While Belfast plays a significant role in the economic activity of Northern Ireland, labour market and employment outcomes tend to be worse than the regional average for Northern Ireland (see Table 2.1).

Table 2.1. Key labour market data for Belfast and Northern Ireland, 2011

	Belfast %	Northern Ireland %
Employment rate (16-64)	62.3	67.1
Economic inactivity rate (16-64)	31.0	27.5
Unemployment rate	8.1	7.1

Note: Unemployment rate is JSA claimant count rate for January 2013.

Source: Department of Enterprise, Trade, and Investment (2013), *Labour Market Structure – Employment, Activity and Qualifications levels by District Council (2008-2011)*; Department of Enterprise, Trade, and Investment (2013), *Monthly Labour Market Report*, February 2013.

A number of wards across Belfast suffer from high levels of disadvantage. This level of disadvantage is closely linked to the level of skills and qualifications of the labour force. In the recent Centre for Cities report on the economic performance of UK cities, Belfast ranked 58th out of 64 UK cities in terms of Job Seekers’ Allowance claimant count (Centre for Cities, 2013). Belfast also has a relatively polarised labour market in terms of

qualifications of residents. While 34% of residents have high qualifications (NVQ Level 4 and above), placing it in the top 20 UK cities, it also has the highest proportion of residents with no qualifications (19.8%) of any of the 64 UK cities (Centre for Cities, 2013). A report by Oxford Economics for Belfast City Council identified the high levels of inward commuting to Belfast and the need to create jobs not just for those travelling to work in the area but also for local residents who tend to have lower levels of qualifications (Oxford Economics, 2009a).

There are six Jobs & Benefit Offices covering the Belfast area at Andersonstown, Falls Road, Shaftesbury Square, Holywood Road, Shankill, Knockbreda and one Jobcentre, North Belfast. These offices, which are managed by the Employment Service, provide services both for those seeking employment and also for those claiming benefits and these are the same as services provided in other offices across Northern Ireland.

Belfast City Council has an important role to play in supporting economic development in the city albeit with limited resources. It can help to champion growth of the city by working with a range of partners. The Council undertakes a range of direct support initiatives using EU funding to promote business start-up and growth.

The Council has limited direct involvement in employability initiatives but there has been increasing interest in this area. The *Council Investment Programme 2012-2015*, launched in 2012, commits the Council to a range of employability initiatives (BCC, 2012). These initiatives include a commitment to create over 400 work placement, internship and apprenticeship opportunities within Belfast City Council with a focus on graduates and young long-term unemployed and disabled people (in partnership with the Department for Employment and Learning); 200 employment opportunities at no additional cost to the ratepayer; and, a GBP 300 000 bursary fund to help 16-24 year-olds move into Further Education, training and employment. At the same time, the City Council will work with local partners to deliver targeted employability initiatives across the city, providing pre-employment support for 1 200 people and helping around 400 individuals into employment, utilising European Structural Funds; and, working with partners on the Belfast Social Clause Delivery Forum in partnership with the Department for Employment and Learning.

Arising out of this work has been the need for a collaborative citywide engagement on employability and skills. The Council's Economic Development Department is currently discussing the development of a City Employability Strategy with the Department for Employment and Learning and Belfast Metropolitan College which would seek to address the key skills and employability challenges within the city. This strategy will consider the need to target geographical areas and groups within the city where the need is greatest.

Alongside such activities, the Council also works with a range of Northern Ireland government departments and agencies. For example, it is currently working with the Office of the First Minister and deputy First Minister (OFMDFM) who is responsible for the Social Investment Fund, a GBP 80 million investment scheme which aims to help alleviate deprivation and dereliction through strategic, area-based interventions. The programme focuses on nine "investment zones" – four of which are in Belfast. One of the four key themes is "Pathways to Employment" which includes projects tackling unemployment, educational under-achievement and barriers to employment, skills deficit, promoting job brokerage, widening access to the labour market, promoting business start-up and increasing sustainability through social enterprise. Funding for this programme is due to begin in 2013. Plans are being prepared by four steering groups (one in each of the four

quadrants of the city – North, South, East and West) representing local community, voluntary, business and statutory sectors. The City Council is expected to be the delivery agent for the projects identified by these steering groups and will also be involved in the employability elements of the fund which fit with the proposed City Employability Strategy.

Another area of joint working is on the strategy *People and Place – A strategy for neighbourhood renewal* which is led by the Department for Social Development. This strategy aims to target the communities across Northern Ireland suffering high levels of deprivation. Neighbourhood Renewal (NR) is a cross-government strategy that aims to bring together all organisations working on issues that will impact on disadvantage and deprivation in the targeted areas. Of the 36 NR areas across Northern Ireland, 15 are located in Belfast.

Neighbourhood partnerships have been established in each NR area. They are responsible for developing and implementing agreed local plans. These plans cover a range of physical, social, environmental and economic regeneration activities – including employability and skills development. Last year, a budget of around GBP 1.7 million was allocated to skills and employability projects in the neighbourhood renewal areas in Belfast, with a focus on essential skills. The City Council is represented on all 15 Partnerships in Belfast and works closely with other members to develop plans for their areas. The Council is also working with Invest NI on the development of an integrated economic strategy for Belfast which will identify priority sectors and how marketing activities can be co-ordinated.

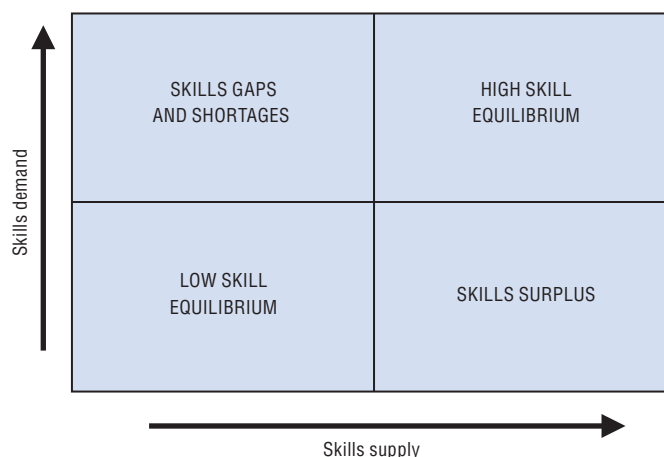
Balance between skills supply and demand at the sub-national level

OECD LEED research has highlighted how a mismatch between supply and demand can build up at the local level creating inefficiencies in the local labour market as the skills being deployed are not effectively utilised by employers (Froy and Giguere, 2010; Froy, Giguère and Meghnagi, 2012). The OECD LEED Programme has developed a statistical tool to understand the balance between skills supply and demand within local labour markets (Froy, Giguère and Meghnagi, 2012). In the Northern Ireland context, this tool can help to provide policy makers with an understanding of skills mismatches, which may occur at the sub-national level.

Looking at Figure 2.1, in the top-left corner (skills gaps and shortages), demand for high skills is met by a supply of low skills, a situation that results in reported skills gaps and shortages. In the top-right corner, demand for high skills is met by an equal supply of high skills resulting in a high-skill equilibrium. This is the most desired destination of all high performing local economies. At the bottom-left corner, the demand for low skills is met by a supply of low skills resulting in a low-skill equilibrium. The challenge facing policy makers is to get the economy moving in a north-easterly direction towards the top-right corner. Lastly, in the bottom-right corner, demand for low skills is met by a supply of high skills resulting in an economy where what high skills are available are not utilised. This leads to the out migration of talent, underemployment, skill under-utilisation, and attrition of human capital, all of which signal missed opportunities for creating prosperity.

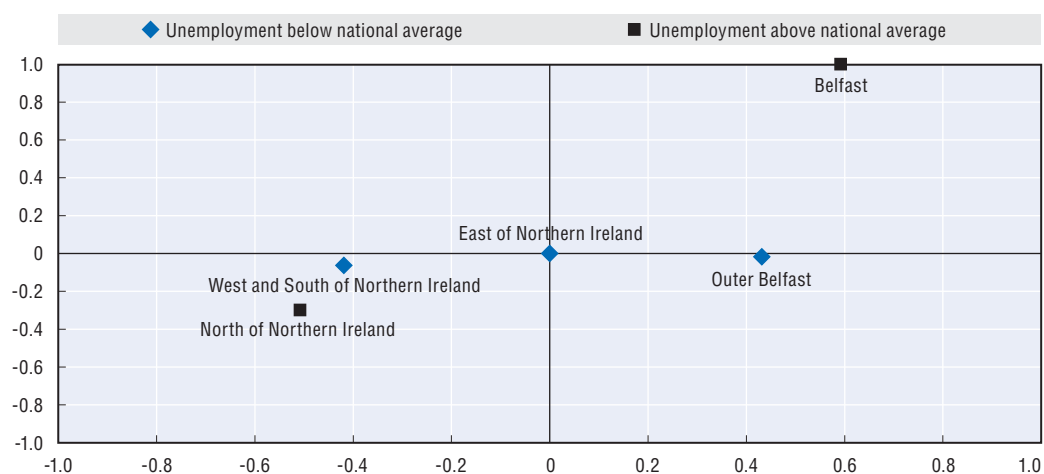
This typology¹ was applied to the six regions in Northern Ireland, including the case study region of Belfast – see Figure 2.2. It also compares the unemployment rates of each region to the Northern Ireland average. This statistical tool provides policy makers with important information on the relationship between supply and demand, which can inform place-based policy approaches at the local level.

Figure 2.1. Understanding the relationship between skills supply and demand



Source: Froy, F. and S. Giguère (2010), "Putting in Place Jobs that Last: A Guide to Rebuilding Quality Employment at Local Level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, doi: 10.1787/5km7jf7qtk9p-en.

Figure 2.2. Skills supply and demand, Northern Ireland, 2010



Results for Northern Ireland

The results for 2010 shows interesting patterns in the skills supply and demand balance for Northern Ireland regions.² In particular it is notable that variation across regions is mainly in terms of skills supply (x axis). On the contrary, all regions except Belfast, seem to have similar levels of skills demand (y axis). Two regions (Belfast and Outer-Belfast) occupy the high skills equilibrium quadrant, while the West and South of Northern Ireland region is in the low skills equilibrium quadrant. The North of Northern Ireland falls between the skills shortages and gaps quadrant and a low-skills equilibrium, and the East of Northern Ireland falls at the centre of the axes. Belfast and the North region have unemployment rate above the national average but considering the low number of regions in Northern Ireland, it is hard to identify correlations among skills levels and the unemployment rate.

While the Belfast region falls into a high skills equilibrium, indicating a relatively healthy fit between the supply and demand for skills, unemployment is still high. During

the OECD study visit, local stakeholders indicated that while Belfast is, on the whole, a prosperous region, the diagnostic tool does not capture some of the complex pockets of disadvantage within the Belfast region, such as those identified by the Neighbourhood Renewal areas described earlier. Therefore, it is important that this tool is complemented by looking at further disaggregated data and information.

Notes

1. The analysis is carried out at Territorial Level 3 (TL3) regions (regions with populations ranging between 150 000- 800 000). The supply of skills was measured by the percentage of the population with post-secondary education. The demand for skills was measured by the percentage of the population employed in medium-high skilled occupations. Regions are also classified in relation to the average state unemployment rate. The indices are standardised using the inter-decile method and are compared with the national median. Further explanations on the methodology can be found in Froy, Giguère and Meghnagi (2012).
2. This analysis draws on the latest statistical data available as there is a lag in the publication of TL3 data.

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Chapter 3

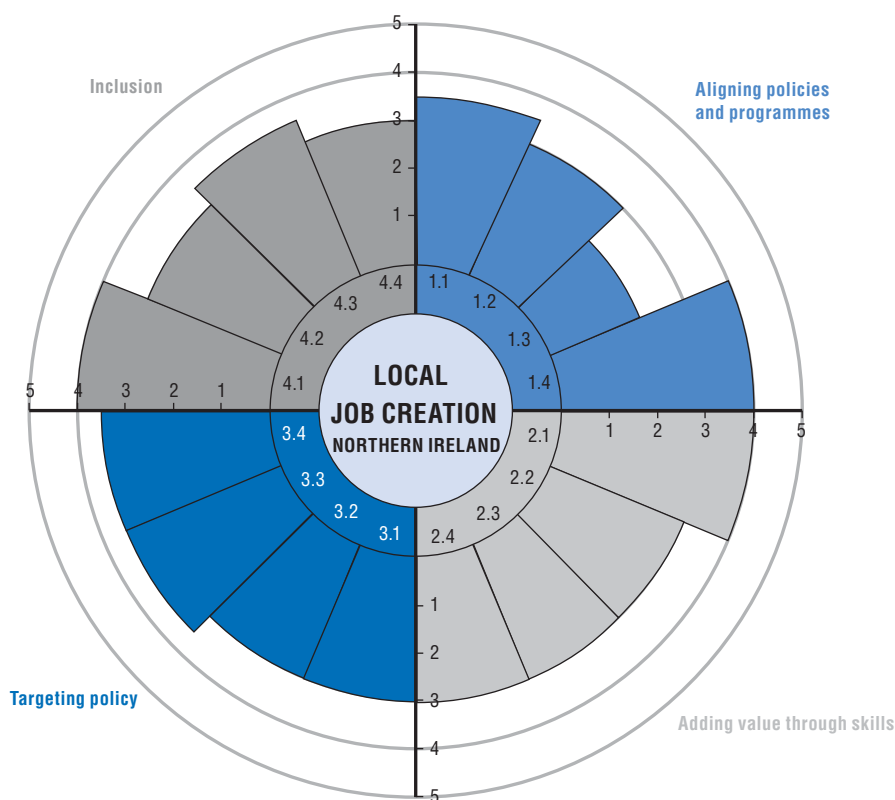
Local Job Creation Dashboard findings in Northern Ireland

This chapter highlights findings from the local job creation dashboard in Northern Ireland. The findings are discussed through the four thematic areas of the review: 1) better aligning policies and programmes to local employment development; 2) adding value through skills; 3) targeting policy to local employment sectors and investing in quality jobs; and 4) inclusion.

Overview of results from the Local Job Creation Dashboard

The full results of the Local Job Creation dashboard in Northern Ireland are presented in Figure 3.1 below. In this section of the report, each of the four priority areas within each theme is presented and discussed sequentially, accompanied by an explanation of the results.

Figure 3.1. Local Job Creation Dashboard for Northern Ireland

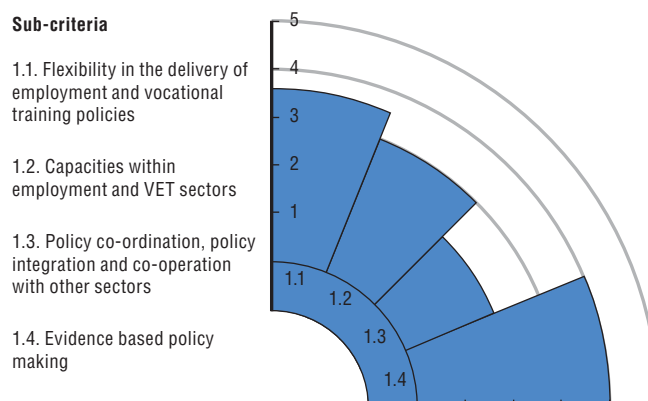


Theme 1: Better aligning policies and programmes to local economic development

Flexibility in the delivery of employment and vocational training policies

The OECD defines flexibility as “the possibility to adjust policy at its various design, implementation and delivery stages to make it better adapted to local contexts, actions carried out by other organisations, strategies being pursued, and challenges and opportunities faced” (Giguère and Froy, 2009). Flexibility deals with the latitude that exists in the management of the employment system, rather than the flexibility in the labour market itself. The achievement of local flexibility does not necessarily mean that

Figure 3.2. **Dashboard results for better aligning policies and programmes to local economic development**



governments need to politically decentralise (Giguère and Froy, 2010). Governments just need to give sufficient latitude when allocating responsibilities in the fields of designing policies and programmes; managing budgets; setting performance targets; deciding on eligibility; and, outsourcing services. It is important to differentiate between flexibility in service delivery (operational flexibility) and flexibility in the ability to design strategic actions locally (strategic management flexibility).

Flexibility within employment services

Employment services in Northern Ireland are delivered through the public employment service and the Steps to Work programme. The Steps to Work programme, which was introduced in September 2008, succeeded the main New Deal programmes across most of Northern Ireland. The aim of the programme is to assist people who are unemployed or economically inactive to find and sustain employment. In terms of service delivery, the programme is designed to offer a flexible, three step menu-based approach with a focus on assisting customers into sustained employment. The menu-driven approach allows provision to be tailored to suit the needs of the individual and focuses on maximising their employability.

The public employment service consists of 28 Jobs & Benefit offices/Job Centres (where benefit and employment services are co-located) and seven Job Centre offices. Unemployed individuals receive advice and guidance from the Department's Employment Service Advisers, which are located in the 28 Jobs & Benefit offices/Job Centres across Northern Ireland. Those in receipt of Job Seekers' Allowance are required to attend the Job Centre on a regular basis to demonstrate that they are actively looking for work.

The Department for Employment and Learning has encouraged the Jobs & Benefit offices/Job Centres to be more proactive in designing local strategies, which leverages resources outside of the Steps to Work programme. The department has commenced a modernisation programme (Momentum – see Box 3.1) to encourage a greater degree of flexibility and input for local offices in the management of programmes and services.

Policies and programmes under the Steps to Work programme are designed at the Northern Ireland Executive level with limited input from local job centre offices. Programme budgets for Steps to Work are also determined at the Executive level and local job centre offices have limited opportunity to move funding between budget lines. In terms

Box 3.1. Employment Service Modernisation Programme – Momentum

From information provided by the Department for Employment and Learning, it is understood that under this programme, managers are being encouraged to access a wider range of funding outside the Department for Employment and Learning, such as European programmes or funding schemes from other government departments. A central Employer Engagement Team has also been established to liaise with business and offices are being encouraged to introduce local initiatives, such as Job Clubs or Job Fairs, and to do so in venues outside the Job Centre and involving local community partners.

In order to further encourage this flexibility, the Department for Employment and Learning is introducing a leadership programme for managers that will challenge them to consider other ways of managing programmes and services. Officials during the study visit noted that this is not easy to do as it requires staff to take risks, which can be difficult in a bureaucratic environment. Furthermore, managers are unable to recruit or dispose of staff as they are constrained by recruitment procedures. While there are civil service bonus systems in place, they are not flexible enough to reward the type of behaviour that is desired. Officials during the study visit noted that the modernisation programme will take 3-5 years to implement.

of deciding on target groups, eligibility under the Steps to Work programme is quite broad as anyone over 18-years-old, lone parents aged 16 and over, who are not working or working less than 16 hours each week is eligible. While service delivery appears to be quite flexible, the ability of the local offices to design locally based strategies within the Steps to Work programme is more limited by the performance management framework. Targets for the Jobs & Benefit Offices/Job Centres are set by the department and are cascaded down to the local level, including a mix of input, output, and outcome measures, such as outflows from Job Seekers' Allowance, numbers of opportunities filled, numbers into employment, and customer satisfaction levels. During the OECD study visit, it was noted that the focus on output measures limits the ability of Jobs & Benefit Offices/Job Centres to design more strategic initiatives and cater programmes for locally defined target groups, which may be different across communities in Northern Ireland.

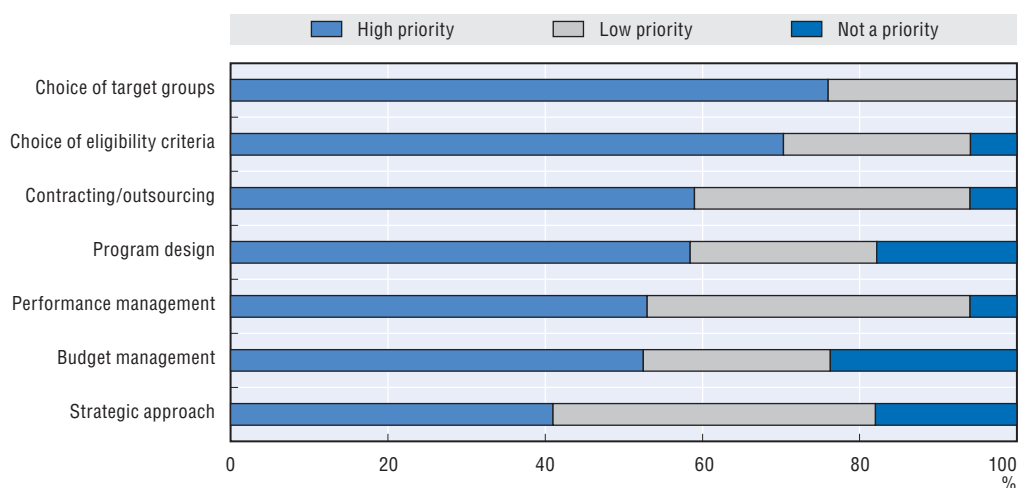
As noted previously, a large proportion of the employment services provision is delivered by Lead Contractors, who have a sub-contracting relationship with the Department for Employment and Learning. Employment Services Advisers (located within the 28 Jobs & Benefit Offices/Job Centres) are able to offer individuals opportunities to participate in employment and training programmes, which are delivered by Lead Contractors. The role of the Lead Contractor must be to equip and help the participant to secure work at the earliest opportunity, which can enhance their employability.

Lead Contractors are measured against targets set by the Department for Employment and Learning with the emphasis being on outcomes. Funding is based on an Output Related Funding model which reinforces the aims of the programme and ensures Lead Contractors are paid on results rather than activities. Contracts with the Lead Contractors are done at the departmental level with limited input or involvement from the Jobs & Benefit Offices/Job Centres.

As part of this review, the OECD carried out a survey of employment service managers located in the 28 Jobs & Benefit Offices/Job Centres and seven employment offices, which operate public employment services. Lead Contractor organisations were not surveyed.

Some of the questions focused on the degree of flexibility in the planning and delivery of labour market programmes. In response to where Jobs & Benefit Offices/Job Centres managers would welcome greater flexibility, the choice of target groups, eligibility criteria and contracting/outsourcing of services were identified as areas where greater strategic management flexibility could be most useful (see Figure 3.3).

Figure 3.3. **If your office was to have greater flexibility in delivering programmes and services, where would you find this most useful?**



Flexibility within vocational education and training (VET) provision

The *Further Education Strategy for Northern Ireland* is due to be reviewed this year and will determine future provision as well as mechanisms to ensure colleges have flexibility in the design and delivery of training. Currently, there appears to be a greater degree of flexibility at the local level within the vocational education and training system. Further Education colleges in Northern Ireland provide a wide range of courses and they are designed and delivered based on local demand. A concurrent OECD review has found that there is strong collaboration with employers focused on meeting local needs (Álvarez-Galván, J.-L., 2014, forthcoming).

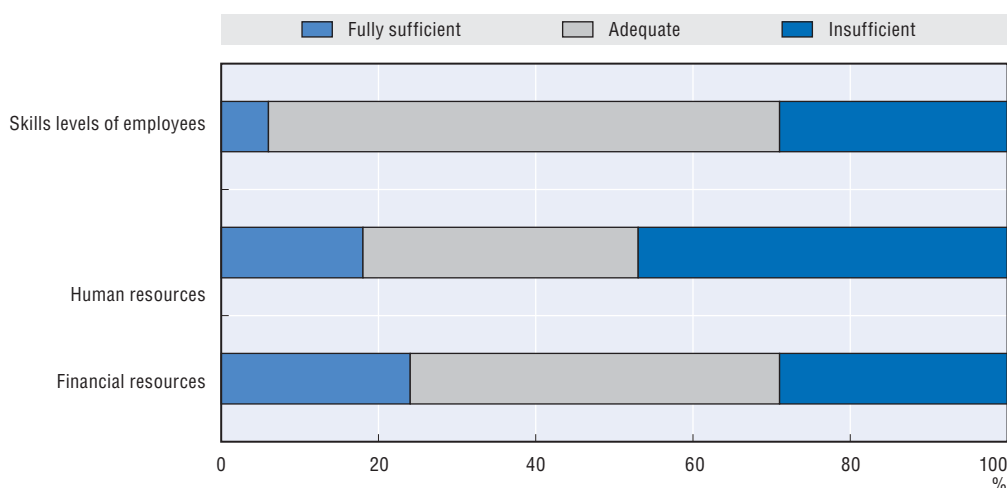
A recent example of the flexibility that Colleges have to respond to demand was the launch of the Deloitte Analytics Training Academy which aims to provide graduates with skills and experience required to take up new opportunities created by Deloitte in Analytics, a key growth area in the ICT industry. This initiative is supported by the Assured Skills Programme and provides intensive training for nine weeks, resulting in an industry recognised qualification and a potential offer of employment.

In 2012, Belfast Metropolitan College published *Skills Matter 2015*, which is a curriculum strategy that includes a proposal to set up Curriculum Advisory Forums with employer representatives. This could further strengthen the role of employers in the design and delivery of training to ensure the skills being produced by the Further Education system align with labour market needs.

Capacities within employment and VET sectors

The capacity of the local employment and VET system is an important consideration if more flexibility is to be awarded in the management of employment and training programmes. During the OECD study visit, local stakeholders indicated that resources were generally adequate for delivering objectives at present but more resources and skills would be helpful. These views were also reflected in the OECD survey where the majority of Job Centre managers felt that financial resources and skill levels of employees were adequate (see Figure 3.4).

Figure 3.4. **In your opinion, are resources sufficient to meet your objectives?**



However, about 50% of respondents noted that human resources, namely the number of staff, were inadequate for them to achieve their objectives. Relative to other OECD regions who have participated in the local job creation review, this is a high response rate. Results may be reflective of the increased pressure on local offices from the recent recession. The challenge for the Employment Service in the short-medium term will be to continue to provide programmes efficiently while also modernising and transforming services to job seekers.

Looking at the vocational education and training sector, concerns were expressed during the OECD study visit that the budget for Further Education Colleges has remained flat in recent years and some have struggled to avoid falling into deficit. The Further Education sector has recognised the need to up-skill its staff to meet the needs of students and there is an on-going programme of continuous professional development.

Policy co-ordination, policy integration and co-operation with other sectors

Collaboration between local stakeholders responsible for employment, training, and economic development policies

A report by the policy innovation unit of the First Minister and Deputy Minister looking at partnerships in Northern Ireland identified over 500 partnerships. While this report notes that many of these partnerships were formed to deliver EU structural funds, it highlights the density of local networks within Northern Ireland (Office of the First Minister and deputy First Minister, 2005). The report also highlighted how 91% of the

identified partnerships contained cross-sectoral representation from both the public sector and social partners such as business, community/voluntary groups and trade unions. The majority of these partnerships had been established to improve service delivery (45%) or to promote consultation, engagement and networking (29%), particularly at the district council level.

There appears to be relatively good communication between those working on labour market policy inside and outside the public employment service. Departmental officials meet regularly with Lead Contractors responsible for delivering Steps to Work and other employment programmes. However, communication between the Employment Service and those responsible for training programmes in the third sector is less regular and tends to be more ad hoc in nature. The third sector competes for European Union funding and also acts as an agent for some government programmes and while activities are monitored closely, it was noted during the OECD study visit that delivery tends to lack overall co-ordination and there is a degree of duplication locally.

Results from the OECD questionnaire to local public employment offices demonstrated that collaboration is primarily informal. About 70% of offices reported that they have informal collaboration with employers. 65% reported to have informal collaboration with organisations working with minorities, ethnic groups or immigrants. Results were lower in terms of informal collaboration with economic development organisations (35%). In terms of multi-stakeholder partnerships, 35% reported to be engaged with economic development organisations while about 20% reported to be collaborating with colleges or training institutions.

Overall, there is no local statutory governance structure or network, which integrates employment, training, and economic development portfolios and can develop strategic actions for the local area. Workforce Development Forums, which brought together all the key players in the local area were in existence a few years ago but had varying degrees of success and subsequently diminished in operations.

Within the Belfast City Council area, there are examples of local area development strategies, such as the strategy for Neighbourhood Renewal Areas, but the employment service does not tend to actively engage or participate in these types of initiatives. As noted earlier, Belfast City Council is concerned about the lack of collaboration and co-ordination between the various agencies within the Council area on policies relating to local economic development and skills. The Council is therefore currently developing an employability and skills strategy for the Belfast area which seeks to bring together the various actors in the employment, economic development and training sectors.

Collaboration between departments in Northern Ireland

Collaboration between the Department for Employment and Learning (responsible for employment and training policies), the Department of Enterprise, Trade, and Investment (responsible for economic development policy) and Invest NI (the economic development agency for Northern Ireland) appears to be robust. The two departmental Ministers meet regularly and an interdepartmental liaison group meets quarterly (members meet more regularly on an ad hoc basis). For example, the Jobs Fund was specifically developed by this interdepartmental group in 2011 to help employers boost employment in the downturn. This was a GBP 19 million package of measures designed to stimulate employment and

employability, including measures to encourage business start-ups in disadvantaged areas and by NEETs, as well as employment grants to create new jobs in sectors where Northern Ireland had previously had success in attracting investment, such as contact centres and knowledge process outsourcing. There is also close collaboration between the three organisations in areas such as Assured Skills, MATRIX and Foresight Development work. The three sectoral working groups (ICT; advanced manufacturing and engineering sectors; and, food and drink) established to address skill issues within their respective sectors is another good example of collaboration between the Department for Employment and Learning, the Department of Enterprise, Trade and Investment, the Department of Education and Invest NI.

The linkages between the Department for Employment and Learning and the Department of Education (which has responsibility for the primary and secondary education sector) appear to be less strong although there are examples of good collaboration, such as the Success through STEM strategy (Department for Employment and Learning, 2011). There is also collaboration between the Education and Training Inspectorate, which provides inspection services of Further Education Colleges and the Department for Employment and Learning through the Careers Services which covers the mandate of both departments.

Responsibility for delivery of the Economic Strategy resides primarily with the Department of Enterprise, Trade and Investment but is closely integrated with the Skills Strategy for which the Department for Employment and Learning has lead responsibility. The Economic Strategy, which is based around export-led growth was developed by a sub-committee of the Northern Ireland Executive with Ministers from relevant government departments. The performance indicators for the Economic Strategy include job creation targets, increasing economic activity rates, raising qualification levels and increasing skills. While both departments report to the Economic Sub-Committee of the Executive and heads of policy division meet on a regular basis, it is not clear how integrated efforts are at the local level to implement these initiatives.

Evidence based policy making

The use of evidence and information to inform policies and programmes appears to be strong. The Department for Employment and Learning has an active research agenda to support policy development and delivery. The Department for Employment and Learning is committed to the evaluation of its programmes and evidence based policy making. All programmes are evaluated on a rolling basis and any new programmes or changes to existing programmes must be supported by a business case which shows clear evidence of need and market failure before they are approved. Data to support this approach is therefore generally well developed, although data by travel to work area is not readily available. There are opportunities to increase the level of cross border working with the Irish authorities on labour market policies and programmes.

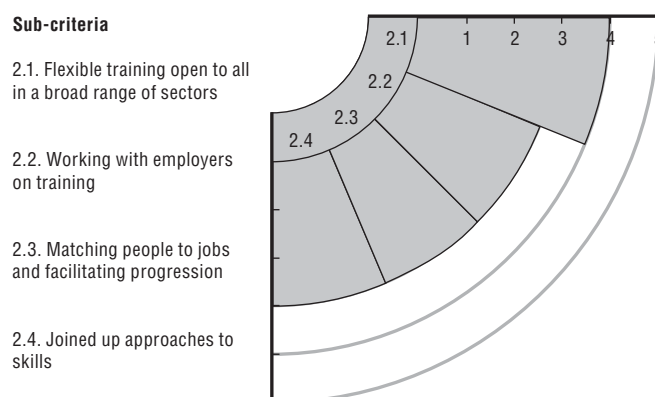
Evaluation work is led by the Analytical Services Division which is staffed by economists and statisticians and the department publishes evaluations on its website and in the biennial Labour Market Bulletin. The latest edition of the Bulletin was published in July 2013 and includes summaries of the evaluations of the “Steps to Work Programme” and the “Leadership and Management Programme”, as well as details of other research being undertaken or commissioned by the department.

As an example of how the department uses evidence based policy making, the Steps to Work evaluation was undertaken in 2011/12 by KPMG on behalf of the department and was an independent evaluation of the efficiency and effectiveness of the programme that was introduced in 2008. The evaluation made a number of recommendations for improvements to the Programme, including further monitoring of performance, reviewing specific aspects of provision, considering different approaches for the economically inactive and those furthest from the labour market and considering what further training for Employment Service Advisers were required to ensure a proactive, flexible, relationship oriented approach.

The department has an active research agenda entitled “Underpinning Success” for the period 2012-15. This research, much of which is published in the Labour Market Bulletin provides further evidence for the development of the department’s policies. It identifies key areas of strategically important research that the department will seek to develop over the three year period to 2015. The research areas have been selected specifically to support policy development and delivery in areas of particular strategic importance to the department including the areas of skills, innovation, employment and the promotion of good working practices. The department has two key objectives: 1) to promote economic, social and personal development through high quality learning, research and skills training; and, 2) to help people into employment and promote good working practices.

Theme 2: Adding value through skills

Figure 3.5. **Dashboard results for adding value through skills**



Flexible training open to all in a broad range of sectors

There is a wide range of training courses available at the local level in Northern Ireland delivered primarily through the Further Education system of six colleges. Modular training and after hours training is widely available and is certified. A new strategy for Further Education is being planned which will strengthen the links between provision of vocational training and the needs of employers and the economy.

The Department for Employment and Learning offers premiums to colleges for enrolments on courses providing training in skills that are critical to the growth of the economy, although colleges report that demand from students is frequently in

occupations, which require lower skills, such as hairdressing. This represents a dilemma for colleges who have to manage the demand from prospective students within budgetary limits.

As highlighted earlier, Belfast Metropolitan College has published its “Curriculum Strategy” for the period up to 2015 with the intention to work more closely with employers to ensure that their curriculum is relevant to employers’ needs. The strategy specifically declares the College’s intention to become more flexible in its approach to delivery, focusing on becoming a major contributor to up-skilling those already in employment. At the same time, the College is committed to providing training for those who wish to re-enter the labour market. Flexible forms of training are also available for unemployed people and form part of the Steps to Work Programme. These include essential skills training in literacy and numeracy and also employability skills.

The Northern Ireland Executive adopted a strategy in 2011, “Success through STEM” to address the on-going decline in the study of Science, Technology, Engineering and Maths (STEM) subjects in the education system in Northern Ireland. It is led by a cross departmental sub-group which includes the Department for Employment and Learning and the Department of Education. In parallel, a business sub-group was appointed in recognition of the key leadership role that business must play. A first year review highlighted a wide range of actions that had been undertaken as part of the strategy. It outlines how government and business intends to encourage more young people to study and pursue a career in STEM and it outlines the various activities and initiatives that have been introduced.

The Department for Employment and Learning has also been instrumental in providing training opportunities for the ICT sector. In 2011 the Department for Employment and Learning introduced a “Software Testers Academy” in response to the shortage of ICT professionals. The programme aims to provide graduates with the skills and experience required to take up new opportunities in the Information and Communications Technology industry. Designed by Northern Ireland’s top ICT companies, the Academy offers a 14 week training programme including a company placement to successful applicants. The initiative was significantly oversubscribed in years 1 and 2 and the number of places has been expanded from 20 places in year 1 to 32 places for September 2013. This Academy model has been expanded to include a Cloud Academy and Data Analytics Academy.

The department and the business community have also collaborated to provide a wide range of other training opportunities for the ICT sector. Examples include an MSc conversion course for non IT graduates; a “Software and Systems Development” A level; and a public-private ICT Apprenticeship Scheme which has delivered apprentices to meet specific skill needs of employers.

Working with employers on training

Launched in 2012, the Department for Employment and Learning’s Employer Engagement Plan (see Box 3.2) is designed to improve the involvement of employers in the provision and design of employment and training programmes. This is important as employers are reluctant to use employment services – only 12% of employers had contact with employment services in 2011 (United Kingdom Commission for Employment and Skills, 2012). During the OECD study visit, employer groups reported that Further Education

Box 3.2. Northern Ireland Employer Engagement Plan

Northern Ireland has recently introduced an Employer Engagement Plan which places a strong focus on the role of employers and the role which they can play to assist in the attainment of the department's key strategic goals.

The Engagement Plan identifies a range of actions through which the department will engage with businesses to help deliver the key aspects of the Skills Strategy *Success through Skills – Transforming Futures*. Overall, the Plan includes 20 projects and initiatives that will be delivered predominantly over the next 2 years. The Plan highlights the importance of engaging with those already in the workplace given that 80% of the current workforce will still be in work in 2020. The Plan articulates a particular focus for the current workforce, rather than those who will enter in the coming years, who will need to transform their skills to ensure that they continue to meet the needs of the economy.

A key aspect of the plan is to simplify Northern Ireland's demand side advisory structure. This entails ensuring that employers are able to articulate their skill needs to education and training providers, to input into curriculum development, standards and qualifications and to provide feedback on improvements to the delivery system. They will also advise on government spending and policy in relation to longer term skill needs.

The need for the Plan arose from the complexity of the previous arrangements which engaged employers in a number of different ways, including a local Workforce Development Forum in each major employment district across Northern Ireland. Initially, these fora, which brought together the Employment Service, employers and other local stakeholders, worked well but over time their role became confused as government engaged with employers on a number of different fronts.

The Plan, which was driven by the Minister for Employment and Learning, supported by the Northern Ireland Adviser on Employment and Skills, is firmly embedded in the Northern Ireland Skills Strategy, with its targets of raising the level of skills and qualifications in the Northern Ireland Workforce. Some of the key features of the Plan are as follows:

- Skills Solution Service – this consists of a small team of trained “skills advisers” who work with SMEs to provide them with advice on existing skills provision and will assist in design and brokering of customised solutions for skills problems faced by employers.
- Assured Skills – this is a joint initiative between DEL and Invest NI that works with new or existing inward investment companies to ensure that their future skills and training needs are being met.
- Employer Engagement Unit – a small specialist unit has been established within the public Employment Service to work with employers at strategic level and to support Employment Service staff to better meet the needs of employers and those seeking work.

An important underpinning element of the Plan is the enhancing of management and leadership training for private sector enterprises and the third sector. This enhanced provision is targeted particularly at the micro enterprises (those employing less than ten people) that make up the majority of the NI business base. For larger firms the Plan proposes to work with companies to improve skills utilisation within the company and to recognise and accredit existing in-house training programmes.

A further innovative element of the Plan is the introduction of a Skills Collaboration Fund which will support employers who wish to co-invest to address critical skill shortages in their sector.

Box 3.2. Northern Ireland Employer Engagement Plan (cont.)

The Plan sets out a number of quantified and time based targets which will be monitored and evaluated at the end of the current planning period in 2015. The Plan has been widely welcomed by employer organisations who report that the department has become more responsive to their needs since the Plan was introduced.

Source: Department for Employment and Learning (2012b), Success through Skills – Transforming Futures – Employer Engagement Plan, Northern Ireland Government.

colleges have engaged more effectively with them in the design of their curriculum. This is similar to findings from another OECD review looking more specifically at the vocational and training system in Northern Ireland (Álvarez-Galván, J-L., 2014, forthcoming).

Under the Skills Solution Services of the Department for Employment and Learning, advisers work with SMEs to provide them advice on existing skills provision from the department. The department provides assistance in the design and brokering of customised solutions for employers, both in terms of up-skilling of their current workforce and recent hires. Northern Ireland has a significant number of SMEs. Average spending on training is not very high, estimated to be less than one per cent of payroll. This is a major challenge for policy makers however some action is being taken under the new employment engagement plan.

The *Training for Success* programme provides an interesting example of a demand led approach to training, involving employers. Under this programme, individuals receive a guaranteed training entitlement of 104 weeks (156 weeks for those with a disability) in which to gain the recognised skills and qualifications to help them progress in their chosen career. Work is provided by a host employer willing to provide quality training to participants to develop their professional and technical skills and assist progression toward sustainable employment. A further example of employer engagement is the Community's Citywide Employers' Forum in Belfast, which is helping unemployed people in some of the most deprived areas of the city. The Forum develops employability interventions designed to help those furthest removed from the job market find work.

Apprenticeships

A key area in which the Department for Employment and Learning works with employers to develop workforce skills is through the ApprenticeshipNI programme. Apprenticeships are available in a wide range of occupational areas and may take up to four years to complete, and some time thereafter for achievements to be recorded, validated and reported upon. People may become apprentices if they have reached minimum school leaving age. They must also have a contract for employment for at least 21 hours (including training time) and be paid in line with national minimum wage requirements. Participants are expected to follow and achieve externally regulated Qualification and Credit Framework qualifications. The department works closely with employers, qualification organisations and Sector Skills Councils to ensure that each framework that is developed is relevant and valid for a particular industry.

The role of ApprenticeshipNI (see Box 3.3) is to ensure that apprentices have the knowledge and competences to work at a higher level and to offer appropriate training in

Box 3.3. High-Level Apprenticeships

ApprenticeshipsNI, funded by the Northern Ireland Government and European Structural Funds, is a work-based Level 2 and 3 training programme, designed to meet the needs of employers. Business representatives from the relevant industry sector work to develop the training content within each occupational area. There are a number of different frameworks available. The benefits are significant not just for the apprentice but also for the employer. Funding is available from the department to assist employers with the associated costs of this training. In order to help raise the skills levels of those people in the workplace and establish clear progression routes, the department has worked with a number of leading companies, training organisations and Sector Skills Councils to develop and pilot a higher level apprenticeship programme for the ICT sector as well as a professional service higher level apprenticeship and a similar pilot for the engineering sector which is to commence in Autumn 2013. Discussions are also taking place on a potential pilot higher level apprenticeship programme for Life Sciences.

line with Apprenticeship Frameworks. It also seeks to encourage progression to further and higher education. Its wider contribution to Northern Ireland's economic development is around increasing skills within the workforce and in encouraging employers to become more directly involved in training key personnel.

As noted earlier, there is a focus on expanding apprenticeships and ensuring that the apprenticeship scheme supports the growth and rebalancing of the economy in Northern Ireland. The review, which includes business representatives alongside academics, further education representatives and government officials, has a wide-ranging scope focused on ensuring the apprenticeship programme in Northern Ireland can meet the need for a highly skilled workforce and be attractive to both employers, including SMEs, and potential apprentices. However, it should be recognised that it will be necessary to ensure that the desire to enhance the status of the apprenticeship scheme should not come at the expense of integrating young people into the labour market who are vulnerable to exclusion.

Matching people to jobs and facilitating progression

Career services for youth

The Department for Employment and Learning operates a Careers Service which seeks to make linkages with employment and training providers. A joint strategy between the Department for Employment and Learning and the Department of Education was launched in 2009, *Preparing for Success*, which sought to establish a more joined up service between the Careers Service, employers, training providers and post primary schools.

The strategy has had some successes in linking the Careers Service to the Northern Ireland post primary schools. It also led to the establishment of careers resource centres, including out of school provision, for young people. However, some evidence presented to the Committee for Employment and Learning on Careers Education, Information, Advice and Guidance suggests that while the existence of a formal structure for interdepartmental collaboration and co-ordination is welcome, there still appear to be barriers and weaknesses, particularly the approach to careers advice and education in schools and the limited interaction with parents who are the major influence on children's career choices (Committee for Employment and Learning on Careers Education, Information, Advice and Guidance, 2010).

Each Further Education College also has a Careers Service that works with local employers to provide advice and guidance to students, each of whom has an Individual Learning Plan. Colleges are also heavily involved in career fairs and work placements with local firms. For example, Belfast Metropolitan College has recently opened a new E3 development in the west of the city. E3 (which stands for employment, economic development and enterprise) is a location for project-based learning, which seeks to bring students closer to employment or self-employment opportunities. Students work on a business project for an employer for a six week period while undertaking enterprise and entrepreneurship training.

Career services for adults

The Employment Service is active in this area providing access to counselling for all those becoming unemployed and registering for Job Seekers' Allowance. There is also an online job matching service which connects both individuals and employers. The Steps to Work programme offers training in essential skills and work placements where appropriate. There appears to be limited use of Job Fairs or Careers Fairs with the Employment Service preferring to work through tailored programmes that create matches between employers and individuals.

A Jobs Fair was held in Belfast in November 2012, which was co-financed by the European Commission. The event was free of charge and offered jobseekers the chance to discuss current job opportunities with leading local companies, such as Tesco, Allstate, Botanic Inns and Belfast City Council. The employment opportunities were mainly in the catering, hospitality, care, administrative, call centre, and IT sectors. There was also a "Youth Village" at the event to provide information, advice and guidance in career, educational and training opportunities for younger jobseekers.

There are clear incentives to ensure that job matches under the Steps to Work programme are sustainable by providing payments to contractors on the basis of individuals securing employment. Payments are staged to ensure that individuals remain in employment for specific time periods in order to encourage sustainability of employment. Steps to Work contractors were incentivised in this way to secure employment outcomes and its successor programme, Steps 2 Success (which will replace the Steps to Work programme in June 2014) will have similar incentives for ensuring sustainability.

In relation to strategies for matching skills supply and demand, employers report that recent experience suggests that the Department for Employment and Learning is becoming more responsive to employer needs. There is a greater willingness by the department to involve employer representatives in working groups and in the development of strategy. Employer representatives consider that the solution needs to be employer led albeit working in partnership with further and higher education sectors as well as government.

Joined up approaches to skills

Economic development stakeholders are aware of the need for a joined up approach to retaining and attracting talent. The Department for Employment and Learning run a programme called *Assured Skills* which seeks to ensure that the skills required by inward investors are in place. Invest NI also has a programme called the *Leadership and Management Programme* that provides mentoring and coaching for industry leaders. There is also the

Business Growth Programme which provides support for the development of skills needed by companies.

A core element of the Skills Strategy for Northern Ireland is the development of co-ordinated action on local skills strategies. The Department for Employment and Learning and Invest NI work closely on the development of skills. The Economic Strategy is focused on export-led economic growth through diversifying the current export base.

In November 2012 Invest NI, in conjunction with the Department of Enterprise, Trade and Investment and the Department for Employment and Learning developed a Sales and Marketing Research Project to investigate and assess the supply of skills needed for exporting, forecast the future requirement for these skills, highlight gaps in existing and predicted skills supply and provision, and make recommendations to address any issues identified. The impetus for this research was to increase export led economic growth. A key element of achieving this is for Northern Ireland companies to have in place the right skills mix to sell their products and services. The skills required span the continuum from those needed to sell professionally in local markets, to those required for business to market and sell their products and services internationally.

The final report was completed in July 2013 and sets out a number of recommendations, including that industry work with sector skills councils, further education, higher education and schools to develop a plan of action as to how sales and marketing careers can be promoted within their sectors, as an attractive career option to students. The report recommended devising a Graduate Export Development programme to provide training to graduates in export sales and marketing as well as promoting existing up-skilling opportunities within the sector.

Box 3.4. **Assured Skills Programme**

The Assured Skills Programme is designed to assure both existing firms wishing to expand and potential new inward investors that the necessary support can be provided to deliver the skilled workforce that they require, including the delivery of bespoke training programmes, the outcome of which will be increased employment for the region.

Funding is provided by Department for Employment and Learning under State Aid rules to a maximum of EUR 2 million per project on the basis of:

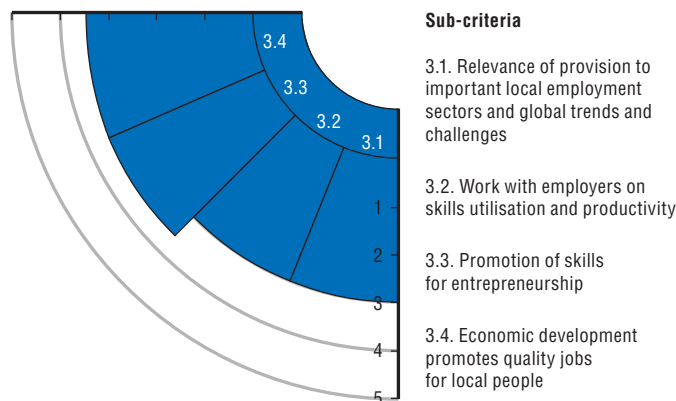
1. 25% of the eligible costs for specific training (non-transferable); and,
2. 60% of the eligible costs for general training.

The Assured Skills Programme is administered by officials in the Skills Delivery Branch of the Department for Employment and Learning and Invest NI. Training is provided by one of the training providers linked to the department, including the further and higher education sectors. Training can also be delivered by the company providing it is to the appropriate level.

There are currently 8 Foreign Direct Investment Assured Skills projects supporting the creation of almost 1 000 jobs in the Financial Services, Information and Communications Technology and Legal Services sectors. In addition, negotiations are ongoing with several potential investors that may lead to the creation of over 2 100 jobs over the next four years. Further Assured Skills interventions include the development and delivery of new academies, similar to the Software Testers' Academy, in the areas of Cloud Computing, Data Analytics, CNC Machining and Animation.

Theme 3: Targeting policy to local employment sectors and investing in quality jobs

Figure 3.6. Dashboard results for targeting policy to local employment sectors and quality jobs



Relevance of provision to important local employment sectors and global trends and challenges

Based on the potential high growth sectors contained within the Economic Strategy, the Department for Employment and Learning has identified a number of priority sectors. These are business services (specifically ICT); financial services; retail; food and drink processing and manufacturing; advanced manufacturing; advanced engineering; hotels and catering (in support of tourism); health and life sciences; and, creative industries.

To date, work has been undertaken to examine the specific skills needs of the ICT, food and drink processing and manufacturing, advanced manufacturing and engineering sectors. The department has also commissioned research into the skills required to support the sustainable energy sector in Northern Ireland which made a number of suggestions for improving the supply of skills for this sector. Further education funding policy is being aligned to this priority sector so that there is a premium per student to colleges providing courses in these areas.

The Department of Enterprise, Trade and Investment, Invest NI and the Department for Employment and Learning are also undertaking research to examine the importance and opportunities associated with the Health and Life Sciences sector in Northern Ireland. It is anticipated that a Health and Life Sciences Strategy will be developed that will highlight Northern Ireland's existing strengths, the future market opportunities for this sector, and the skills required by industry to ensure this becomes a reality.

The Department of Employment and Learning works closely with the UK Sector Skills Councils, which sets priorities and targets with employers and partners in their sector to reduce skill gaps and shortages, to improve productivity and to improve the supply of skills. The department also collaborates with the UK Commission for Employment and Skills to determine the skills, education and training needs of each sector. The department is obliged to take a twin track approach to ensuring that employment opportunities are available for the unemployed and economically inactive in more traditional sectors and at the same time supporting the up-skilling of the workforce to meet the needs of future industries and employers.

In Northern Ireland, there is a strong commitment by government to assist in addressing skill shortages – recent examples of this include the *ICT Skills Action Plan* which was published in June 2012 (Department for Employment and Learning, 2012c). This plan was produced by an ICT Working Group chaired by the Minister and composed of employers, universities and colleges, Invest NI and representatives of the Department for Employment and Learning, the Department of Enterprise, Trade, and Investment and the Department of Education. It responded to research from various sources that indicated that current demand for ICT skills was not being met and that future demand from the economy would require an increase in the supply of people with ICT skills. The plan sets out a number of actions to increase the supply of people with ICT skills coming out of school, college and university, to improve the attractiveness of careers in the sector. New apprenticeships schemes and additional IT academy courses were set up quickly to address identified needs. A similar process is under way to address skill shortages in the advanced manufacturing and engineering sectors, and the food and drink sector. There is also a range of projects being undertaken by the Skills Collaboration Fund that will support training and the attainment of skills across a range of industry sectors.

Work with employers on skills utilisation and productivity

Skills utilisation approaches focus on how well employers are utilising the skills of their employees, which can improve productivity and profitability. Individuals also gain from the better utilisation of their skills through greater job satisfaction and autonomy. This approach avoids supply-side or “provider driven” training solutions, which may not address the breadth of an enterprise’s organisational context. Instead, providers are encouraged to take on a workforce development role (Froy, Giguère and Meghnagi, 2012).

Success through Skills – Transforming Futures outlines the importance of better utilising skills to the future development of the Northern Ireland economy. The department offers a suite of leadership and management programmes made up of the Management and Leadership Development Programme (MLDP), Management Analysis and Planning Programme (MAP) and INTRO Graduate Management Programme. All programmes are currently funded at 100% support and are delivered by accredited training providers. They include structured programmes for individual managers across a range of themes as well as tailored company focused programmes.

The universities and colleges also play an important role. Queen’s University Management School has recently established a Postgraduate and Executive Education Centre funded by a number of local companies which seeks to promote world class business education and links with the local business community. The University of Ulster also has a Business Institute which offers a range of programmes and activities for businesses designed to contribute to their strategic development.

Investors in People, a UK wide standard, aims to help employers seeking accreditation to improve their business’ performance by focusing on the effective utilisation of the skills of staff in order to meet business objectives. Recent analysis has highlighted that small businesses require greater support to participate (UKCES, 2013). Investors in People in Northern Ireland has been targeting small companies (firms with fewer than 250 employees) and there has also been support for management development within small firms (IKCES, 2013). As of September 2013, over 1 500 employers in Northern Ireland had been awarded the Investors in People accreditation.

Promotion of skills for entrepreneurship

Supporting entrepreneurship is a critical policy tool in creating innovation, thereby supporting employment and growth. The promotion of entrepreneurship is a key element of Northern Ireland's Economic Strategy although it features less strongly in the Skills Strategy which concentrates on the upskilling of both employed and unemployed individuals. The rate of early-stage entrepreneurship (TEA) in Northern Ireland, as measured by the Global Entrepreneurship Model, has been rising but still lags that in other UK regions. The TEA rate for Northern Ireland in 2011 was 7.1%, up from 6.4% in 2010 but below the UK average of 7.6%. Support for starting a business in Northern Ireland is led by Invest NI which provides a range of programmes and grants for those wishing to start their own business.

The Steps to Work Programme includes a 26 week Self Employment Test Trading module for suitable participants with support and guidance provided by the contractor. There appears to be a lack of data on how many individuals take up this option and the statistics report only those going into employment.

Entrepreneurship skills are a key part of all vocational training provided by the Further Education Colleges and the universities include entrepreneurship training in some courses. However, again there is little information on how many students progress to self-employment or start their own business.

Economic development promotes quality jobs for local people

The quality of the local labour force has for many years been a key element of the marketing of Northern Ireland to inward investors. Invest NI prepares detailed profiles of the labour force for prospective investors, including average pay rates for the relevant occupations. The Assured Skills programme seeks to provide evidence of the specific skills required by an individual investor.

Economic development is considered a factor in planning decisions for inward investment but other factors often take precedence. A range of social clauses are in place in respect of major capital contracts in Northern Ireland for unemployed people to have access to jobs, apprenticeships and work experiences. This is a fairly recent development and the public procurement service has been cautious with its introduction. The challenge for contractors is identifying long term unemployed and apprentices to allow them to meet the social clause requirements. The third sector can often facilitate links between contractors and these groups in the community.

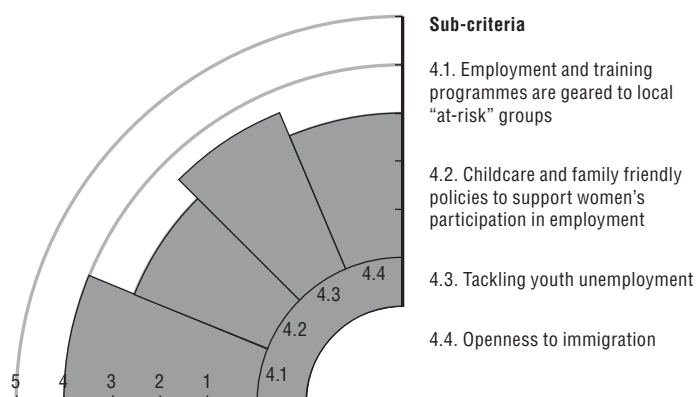
Northern Ireland has in place significant equality legislation to ensure that no individual is discriminated against because of their age, gender, race, religion, disability, or sexual orientation. Procurement requires that contractors meet all the equality requirements. The Economic Strategy specifically supports local employment growth and job creation, particularly through the theme of "Rebuilding the Economy".

Theme 4: Being inclusive

Employment and training programmes are geared to local "at-risk" groups

The Department for Employment and Learning provides a number of programmes for at risk groups, including the young unemployed, the economically inactive and those in the 50+ age category. Comprehensive efforts are made to create jobs and job placements for people not ready to enter formal employment. The department works in close liaison with

Figure 3.7. Dashboard results for being inclusive



InvestNI by focusing on Neighbourhood Renewal areas in Northern Ireland, using the InvestNI Jobs Fund, to help create jobs for people not in employment. The Jobs Fund was developed as a direct response to the economic downturn and aims to promote 6 300 jobs by March 2015 with 4 000 jobs to be created by March 2014.

A budget of almost GBP 19 million has been set aside to implement a range of temporary measures to stimulate new job creation over the next four years and help to contribute to a sustainable economy that benefits all. For example, during 2011-12, 77 jobs were promoted mainly in social enterprises in West Belfast, with 44 of these already being created in the first year. Some of the businesses benefitting from this fund include the Spectrum Centre, Footprint, Shankill Women's Centre and Falls Council. Since introducing specific grant support to residents of Neighbourhood Renewal Areas and young people not in education, employment or training, over 80 offers were made to individuals in West Belfast, with 35 jobs already created.

All Colleges make provision for students with significant learning difficulties and sometimes provide separate courses. Courses are also available for those whose first language is not English. All Colleges make provision in outreach centres, although these are not always located in disadvantaged areas. A Learner Access and Engagement Strategy is being mainstreamed.

The Local Employment Intermediary Service (LEMIS) is an initiative designed to help unemployed people in the community overcome those issues that may be preventing them from finding and keeping a job. The service is provided by local community employment organisations in six of the most disadvantaged areas in Northern Ireland – the Belfast area, Derry-Londonderry, Strabane, Newry and Mourne, Cookstown and Moyle District Council areas. In addition to these areas, LEMIS is also available on a referral and outreach basis throughout Northern Ireland to individuals with a common employability barrier to employment, which could include homelessness, ex-offenders/ex-prisoners, individuals with a history of drug/alcohol misuse and care leavers.

Where area based approaches to tackling areas of deprivation are used, Further Education colleges and training institutions would expect to be involved, such as in the Derry-Londonderry One Plan. There is also a need to work more closely with neighbourhood based regeneration projects supported by the Department for Social Development. The North Western Regional College played an active role in the development of the One Strategy through the Education and Training Sector Working Group.

Addressing economic inactivity

An “Economic Inactivity Strategy” is also currently being drafted by the Department for Employment and Learning, in conjunction with the Department of Enterprise, Trade and Investment (DETI), in line with the Executive’s commitment in the *Programme for Government*. This new strategy will aim to reduce economic inactivity through skills, training, incentives and job creation. A baseline study was published in April 2013. It provides a detailed analysis of factors contributing to the high rate of inactivity in Northern Ireland, a set of regional and international comparisons and an assessment of current and previous policy initiatives. The recommendations of the study will underpin the draft strategy that will be presented to the Executive for agreement in the final quarter of 2013.

Childcare and family friendly policies to support women’s participation in employment

There is some affordable childcare, but childcare or poor accessibility to it (due to cost and availability) remains an important barrier to employment for women in Northern Ireland. Female economic activity rates are well below those for males – in April 2013, the female activity rate was 66.6% compared with 78.6% for males.

Social Security Benefits are available to provide support for carers, including those caring for the elderly, for example Attendance Allowance and Carer’s Allowance, but there is no direct link between provision of these benefits and employment. Family friendly policies have generally been introduced voluntarily by larger employers, including provision of financial support and childcare vouchers for staff with children, but there is limited public sector intervention.

Many of these issues will be addressed by the Executive’s *Programme for Government* and the Department for Employment and Learning’s Economic Inactivity strategy which provides a commitment to implement a strategy for integrated and affordable childcare.

Tackling youth unemployment

Policies and programmes targeting youth unemployment are focused on two key programmes: the Youth Employment Scheme and Pathways to Success. The Youth Employment Scheme was established in July 2012 and aims to ensure that young people who are currently unemployed are provided at the earliest possible stage with the skills to gain jobs, compete for jobs created in the future, and retain and progress in those jobs. The programme consists of enhanced support from the Employment Service and Careers Service for 18-24 year olds and a series of work experience placements and training opportunities. There is also an employer subsidy in sectors that have the potential to rebuild and rebalance the local economy.

The Scheme provides 1 000 short 2-8 week placements rising to 3 000 placements annually, 800 rising to 1 200 employer subsidies of GBP 5 750 per annum and 400 rising to 1 800 training places with work experience of between six and nine months. While in training, young people receive an allowance of GBP 100 per week.

Pathways to Success, the strategy for young people not in education, employment or training (NEETs), was endorsed by the Executive in May 2012. The aspiration is that by 2020, every young person will have an opportunity to access education, training or other preparation for employment. The Strategy has 56 defined and measured actions which are being closely monitored and evaluated with the intention of sharing best practice across the partners.

Three groups of NEETs have been identified by the strategy:

- out of scope – those who have chosen to undertake another activity such as a gap year or voluntary work and who do not require any intervention;
- identifiable barrier – those who have an identifiable barrier such as having a child or an illness or disability; and,
- no identifiable barrier – others not in either of above two categories.

Box 3.5 summarises the main aspects of the Strategy. In May 2013, the Office for the First and deputy First Minister launched a new community relations strategy which included a commitment to create 10 000 one year placements for NEET's in a new *United Youth Programme*. The programme aims to offer young people in the NEET's category structured employment, work experience, volunteer and leisure opportunities along with a dedicated programme designed to foster good relations and a shared future.

Box 3.5. **Pathways to Success, NEETs Strategy for Northern Ireland**

As of December 2012 it was estimated that there were almost 40 000 young people aged 16-24 with identifiable or no identifiable barriers.

The Pathways to Success Strategy recognises that addressing the needs of NEETs cuts across a number of government departments and agencies and a joined up approach is required in response. A NEETs Advisory Group has therefore been established which includes all government departments, Health Trusts, local business and representatives from the "NEETs Forum" of community and voluntary organisations. The Group meets three times a year and monitors progress against the targets that have been set.

The Strategy includes a number of preventative measures for early intervention, including provision of Sure Start programmes and pre-school education, measures to increase standards of literacy and numeracy in schools and an innovative Community Family Support Programme. The latter programme has received a commitment of £ 6 million over 2 years to identify 750-1 000 families at risk and adopt a multi-agency approach to working with them.

The task of re-engaging NEETs includes a number of new measures – a community-based access programme to engage and monitor young people using third sector organisations, the development of individual action plans, the introduction of a training allowance for all those NEETs participating on existing ESF programmes and the development of an innovation fund to test new approaches to providing work experience for NEETs.

The **Collaboration and Innovation Fund** was launched in December 2012 to support this process. It allocates GBP 9 million over 2 years to 18 projects selected on a competitive basis which will deliver support to help up to 5 000 disadvantaged young people. The projects delivered through a variety of bodies including community organisations and Further Education colleges will offer education, training or employment initiatives to help those furthest from the labour market. The projects are highly innovative and involve IT supported projects and use of sporting activity as a means of re-engaging.

Source: Pathways to Success: Preventing exclusion and promoting participation of young people, NI Executive, May 2012.

Openness to immigration

Immigration policy is a reserved matter and is outside the control of the Northern Ireland Assembly and Executive. There is a national UK scheme in place for qualifications gained abroad to be assessed for equivalence, United Kingdom National Academic Recognition Information Centre (NARIC), and local referrals are made to this scheme. There is no mechanism for recognising competences acquired informally overseas.

However, there are efforts being made within Northern Ireland to support migrants, refugees and asylum seekers, and ensure the retention and integration of people in a way which meets skills and labour requirements to support future economic growth. The Northern Ireland Strategic Migration Partnership is a multi-agency, cross-party and cross-departmental body working to reflect the regionally specific needs of Northern Ireland in the development and implementation of UK immigration policy.

This partnership is still in its infancy, but work has already begun, and will continue in the following key areas: Strategic and policy work; providing and sharing information; addressing awareness of migration issues; encouraging and supporting collaborative working across organisations in the region; and initiating pilot and project activities of regional benefit. This group has been working to establish priorities for work and identify areas where it can positively contribute in areas of migration.

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Chapter 4

Towards an action plan for jobs in Northern Ireland: Recommendations and best practices

Stimulating job creation at the local level requires integrated actions across the employment, training, and economic development portfolios. Co-ordinated place-based policies can help workers find suitable jobs, while also contributing to shaping the demand, thereby stimulating job creation and productivity. This requires flexible policy management frameworks, information, and integrated partnerships which leverage the efforts of employment, training, and economic development stakeholders. This chapter outlines the key recommendations emerging from the review of local job creation policies in Northern Ireland.

Better aligning policies and programmes to local economic development

Recommendation: Continue to examine ways to ensure there is sufficient local flexibility in the management of employment programmes and policies, while also ensuring sufficient capacity is built and supported at the local level

Flexibility in employment policies refers to the degree to which local employment service providers are able to input into policies and programmes, decide how to spend their budgets locally, choose who is eligible for policies and programmes, negotiate performance targets, and outsource services (Giguère and Froy, 2009). Whatever the degree of co-operation between local stakeholders, they have limited ability to produce change if organisations do not have the flexibility to adapt their policies and programmes to meet agreed priorities. It is not just the mandates held by individual institutions that are important but the flexibility which exists in their management systems.

Local employment offices deliver services through the Steps to Work Programme, which provides a flexible service delivery framework. The department has recognised the value of equipping the local level with a flexible mechanism in the policy management framework so they can take more strategic actions. Under the Employment Services Modernisation Programme (Momentum), the department is exploring ways to give local office managers greater ability to adjust programmes and services to local labour market conditions. This is a welcome development and will be an important tool towards ensuring that the needs of the local economy are met.

In general, most programmes and services are designed at the departmental level in Northern Ireland. While Job Centres/Jobs & Benefit Offices are being encouraged to develop employment strategies, the performance management framework which focuses on a range of input, output, and outcomes targets limits their ability to undertake this work. Furthermore, the Job Centres/Jobs & Benefit Offices have a limited role in determining outsourcing arrangements at the local level with Lead Contractors.

Northern Ireland could draw on lessons from other OECD countries. For example, in Alberta, Canada, local offices are able to influence overall programme design and direction through strong interactions that take place with the department responsible for labour market policies (Froy et al., 2011). Local and regional employment staff are expected to implement broad departmental strategic priorities and objectives which have been developed on a provincial basis (without specific targets) according to local needs. The only place where hard targets are identified is in a “provincial business plan”, and these are not formally applied to the regional and local level plans. Regional and local offices report back on the degree to which they have met their strategic objectives. The province also collects additional information on the programmes implemented, individuals served and employment outcomes. There is therefore a great deal of feedback in the system, but overly stringent output targeting for lower level staff is avoided. As a result this avoids some of the “perverse” effects which quantitative targets can have, which have been criticised for encouraging local offices to engage in certain activities just to “tick the right boxes”

without a real eye to local needs. This system relies in part on strong levels of communication between the provincial and local staff.

One of the biggest challenges facing the employment service in Northern Ireland in light of the global recession is capacity. The department should consider how to continue building the competencies of local employment service staff and to acknowledge that without gaining responsibility and a degree of control over policy implementation, there is little opportunity for local staff to build their capacities.

In the context of the Review of Public Administration, which will lead to the introduction of community planning at the local level, there is an opportunity to review and identify capacity gaps which may hinder the robust development of local employment and economic development initiatives in the future.

Staff delivering local employment and training services need more, and on-going, training to ensure their skills and abilities are optimal to serve clients and take advantage of the flexibility that can be provided by the department in the management of employment policies and programmes. OECD LEED research has shown that creativity and problem solving skills, analytical skills, strategic skills, and leadership skills are critical competencies for local actors to adequately manage policies at the local level (Froy and Giguère, 2010). Providing information about “what works” is also beneficial, particularly when based on the evaluation of activities in Northern Ireland, the wider UK and from member countries within the OECD.

Recommendation: Examine local governance mechanisms to ensure integrated actions are being taken across employment, training and economic development portfolios

Across the OECD, partnerships are now seeking to play a broader role in influencing the policy development and delivery process. However, it should be noted that partnerships will have a marginal impact without adequate capacity, resources, and influence, which includes flexibility to design strategies catered to the needs of the local economy. Furthermore, the role of the third sector should not be overlooked in partnerships, particularly given their critical role in conducting out-reach and work integration for vulnerable and excluded individuals.

In Northern Ireland, there appears to be a robust network of partnerships at the local level involved in a number of employment, training, economic and community development initiatives. The large number of partnerships may hinder their effectiveness therefore there is an opportunity to review these structures to ensure local activities are effectively co-ordinated across the broad spectrum of employment, training, and economic development portfolios. It is also critical that these partnerships are given a stronger role in designing local strategies for job creation and employment.

The strengthening of the economic development powers of local government and the introduction of community planning under the Review of Public Administration represents an opportunity to promote local governance structures which seek to bring together key players across the employment and economic development landscape. It is important that a broad range of stakeholders, such as the employment service, further education colleges, employers, unions, and social enterprise organisations are included in these community planning structures.

The integration of policies at the local level can be strengthened if departments in Northern Ireland responsible for employment, skills, training, and economic policies

effectively co-ordinate their policies and actions. Collaboration and co-ordination between employment and economic development policy (through the Department for Employment and Learning, Invest NI, and the Department of Enterprise, Trade and Investment, and the Department of Education) will be critical to ensure policies which seek to build the supply of skills in Northern Ireland are well aligned with employer demand and the strategic needs of the economy.

Workforce Development Forums used to exist in Northern Ireland and proved to be unsuccessful. Arguably, a key issue was that the fora were a governance tool, rather than delivering strategy. To that end, there is an opportunity to look at what local governance mechanisms and fora could be used to support greater policy co-ordination and integration.

In other OECD countries, different governance mechanisms have been used to bring local actors together to influence the design and delivery of employment, training and economic development programmes. For example, in the United States, Local Workforce Investment Boards have played a strong role in creating more integrated strategies to address employment and skills within broader economic development strategies since 1998 (OECD, 2013a). They are strongly business-led, being both chaired by business and having a majority of business members. Each Local Workforce Investment Board is responsible for providing employment and training services within a specific geographic area. The Boards administer services as designated by the Governor and within the regulations of the federal statute and US Department of Labour guidelines.

There are also designated seats for representatives from labour unions and local educational institutions, with economic development officials sitting on the boards in many states. While performance of the boards varies, in some areas they have developed strong integrated strategies which bridge across employment, skills and economic development. Such boards could provide a framework for reconstituted Workforce Development Forums that are equipped with both a strategic and implementing role.

Recognising the importance of local partnerships and integration, Australia introduced Local Employment Co-ordinators (see Box 4.1) who function to create partnerships around local level initiatives. These individuals have access to a flexible funding pool, which is used to encourage partners to come together around innovative local initiatives.

Box 4.1. Australia: Local Employment Co-ordinator Model

Australia's Keep Australia Working strategy has made the co-ordination of employment policies at the local level a priority. One of the measures included the identification of Priority Employment Areas – areas most vulnerable to the expected downturn and future unemployment – to ensure that these areas received their appropriate share of additional funding and support. In each Priority Employment Area, Local Employment Coordinators (LECs) were appointed and advisory committees were established comprising local stakeholders from employment, vocational education and training, as well as economic development backgrounds. LECs assist in driving local responses to local labour market problem areas. The Local Employment Coordinator is an agent of the federal government and their main role is to:

Box 4.1. Australia: Local Employment Co-ordinator Model (cont.)

- identify the needs of the area and match them with employment, education and training opportunities;
- target business and industries to identify emerging employment opportunities;
- develop and maintain a relationship with the Advisory Committee;
- identify skills and labour shortages, and structural barriers that compromise job matching; and
- identify projects or activities which may be funded through allocated federal funding – the Flexible Funding Pool – and which will deliver employment and skills development outcomes.

Another key role played by the LEC is to organise a Jobs and Skills Expo. The Expo is a “one-stop jobs and skills marketplace”, bringing employers, employment service providers, labour and recruitment agencies, and registered training providers all under one roof on one day. For example, the latest Jobs and Skills Expo in Ballarat, Victoria in April 2012 was attended by about 2 000 persons. It provided a good opportunity for businesses to connect with the community at large, and with jobseekers in particular, and to disseminate information about their skill needs. Job seekers got an overview of the variety of jobs and training opportunities that were available and could meet potential employers face-to-face.

Source: OECD (2014), “Employment and Skills Strategies in Australia”, *OECD Reviews on Local Job Creation*, OECD, Paris, doi: 10.1787/9789264207899-en.

Adding value through skills

Recommendation: Continue to strengthen the role of employers (especially SMEs) in the design and delivery of vocational education and training to ensure the supply of skills meets local demand

In many OECD countries, policy makers are grappling with the challenge of effectively matching of the supply of skills to demand. The vocational education and training system can play a critical role in equipping individuals with the skills necessary to meet employer’s needs for growth and productivity. However, this is not an easy process and it is often helpful if employers and other partners, such as unions, can input into the design and delivery of training programmes.

Vocational education and training in Northern Ireland appears to be enhancing its contribution to the skills agenda through its strong collaboration with employers and by providing a wide range of courses, with flexible curriculum that customises programmes to the needs to local employers. A concurrent OECD review notes the strong collaboration between regional employers and the six Further Education colleges in Northern Ireland, where decisions on the allocation of student places and courses offered are driven by the level of local demand (Álvarez-Galván, J.-L., 2014, forthcoming). In particular, the *Training for Success* programme provides an interesting example of how to involve employers in training provision.

There is good evidence that the three sectoral working groups (ICT; Advanced Manufacturing and Engineering; and Food and Drink Manufacturing) established to address specific skill issues are effectively utilising the role of employers in the design and delivery of education and training to address skill issues within their respective sectors.

The department should consider building on these three groups by developing and applying the “working group” template (i.e. bringing together employers, skills providers and key government stakeholders) to other key priority sectors for the economy which are displaying skill issues. New stakeholder groups could be established around existing established industries and/or future industries which have the potential to strengthen Northern Ireland’s future economy.

The prevalence of a significant number of SMEs who are less likely to participate in training represents a significant challenge in terms of involving employers in training efforts. OECD LEED research has identified the importance of bottom-up collaboration and leveraging existing employer networks, which can overcome some of the barriers for small employers to participate in training initiatives. Box 4.2 provides an interesting example from Ireland, where sectoral networks are being promoted to encourage training efforts.

Box 4.2. Promoting and facilitating workplace training in Ireland – Skillnets

Skillnets was established in 1999 to promote and facilitate workplace training and up-skilling by SMEs. It is the largest organisation supporting workplace training in Ireland. In 2011, it had 70 operational networks through which it trained over 40 000 people for a total expenditure of EUR 25 million. It is a state-funded, enterprise-led body that co-invests with enterprises, particularly SMEs, when they co-operate in networks to identify and deliver training suited to their workforces. A network of SMEs, which are mostly sectoral or regional, is guided by a steering group of the local enterprise representatives. The steering group gives strategic direction and guidance to a network manager who co-ordinates all operational activity leading to the delivery of an agreed training plan with learning interventions suited for the member company workforces. The national programme is co-ordinated by Skillnets Ltd., who contract with all networks and provide programme support and monitoring to ensure the delivery of agreed quantitative and qualitative target outputs.

In 2011, 30 of these networks were located in Dublin, but were predominantly sectoral networks with a national remit and company membership. 25% of all Skillnets member companies and 33% of trainees were Dublin-based. Three networks were specific to the South East region (Carlow Kilkenny Skillnet, South Tipperary Skillnet and Waterford Chamber Skillnet). While Skillnets has a national impact, its influence is largely confined to SMEs which account for 94% of its 10 000 member companies. Originally set up to cater exclusively for the employed, since 2010 Skillnets has a mandate to include the provision of training for jobseekers. This happens both in an integrated manner with jobseekers attending programmes with employees, and also by focusing exclusively on the needs of jobseekers through the provision of dedicated longer-term programmes (for example, the Jobseeker Support Programme) which includes work placements. Skillnets launched a pilot training initiative, ManagementWorks, providing management training to the SME community with a key focus on owner-managers.

Source: OECD (2014 forthcoming), “Employment and Skills Strategies in Ireland”, *OECD Reviews on Local Job Creation*, OECD, Paris.

Recommendation: The Northern Ireland apprenticeship system should be reformed to make it more fit for purpose and responsive to non-traditional sectors at the local level

In February 2013, the Minister for Employment and Learning announced a major review of apprenticeships with a view to making it more “fit for purpose” and moving the

model beyond the traditional occupations and targeting new growth sectors. This is a welcome development and a good first step towards making the system more responsive to employers and individuals. The prevalence of SMEs in Northern Ireland, and the challenges this creates for business to take on apprentices and to participate in training in general, should not be overlooked.

The Northern Ireland Executive will need to consider ways of making the apprenticeship system more responsive and adaptable, including providing greater incentives for SMEs to participate in these opportunities. The review terms of reference also recognise the need to raise the profile of apprenticeships in relation to Higher and Further Education pathways. The review will need to ensure that the apprenticeship system leads to positive employment outcomes for a wide-range of individuals and that the upgrading of apprenticeships does not lead to the neglect of the needs of vulnerable young people requiring support to integrate fully into the labour market.

Public support can be particularly important in helping people to complete their apprenticeships. In the Western Downs region of Queensland, the Chamber of Commerce has helped to support employers in offering apprenticeships, including developing shared apprenticeship schemes for SMEs (Eddington and Toner, 2012). The Mayor's apprenticeship campaign in London could also provide useful lessons going forward for Northern Ireland (see Box 4.3).

Recommendation: Encourage local job centres offices to be more proactive in matching unemployed clients to employers

Similar to other OECD areas, employers in Northern Ireland are reluctant to use the public employment service – only 12% of employers had contact with employment services in 2011 (United Kingdom Commission for Employment and Skills, 2012). In response to this issue, the Department for Employment and Learning has established employer engagement teams to strengthen this relationship. Because of its role in supporting business development, Invest NI has closer linkages with employers and has a role to play in linking them with services from the Department for Employment and Learning. The *Assured Skills Programme* is a good example of where the Department and Invest NI are working effectively together to provide new and existing inward investors with the skills and training that they require. This model of collaborative working might be adopted for other areas.

In other OECD member countries, initiatives are being taken to strengthen relationship between local employment services and employers. In Ireland, a new institution (Intreo) was created to manage public employment services and adopt a stronger activation approach. Intreo is introducing a new Employer Engagement Strategy that, along with its growing participation in local job fairs, will be a critical element of the new employment services' approach to more proactively engaging employers. A person will be appointed in each local office whose principal role will be to develop a databank of local employers and actively "market" local jobseekers to them. In Australia, individuals called "reverse marketers" exist within many employment service providers (see Box 4.4). They build strong relationships with employers locally and actively seek to match unemployed clients to potential job opportunities.

Box 4.3. The Mayor's Apprenticeship Campaign, London: A local case study from the United Kingdom

The London Apprenticeship Campaign was introduced in November 2010 by the Greater London Authority (GLA) and the National Apprenticeship Service to increase London's apprenticeship numbers by 20 000 by September 2011. The aim was to generate an overall increase in the number of apprentices in London to 30 000-35 000. The campaign sought to improve the city's take-up relative to other English regions: London had 14% of the UK's population but only provided 5% of the annual total of new apprenticeships. Growth was planned as part of a national policy shift to invest more in creating additional apprenticeship places and the city target was set in addition to national targets. The capital's top companies were contacted to urge them to help Londoners into work and boost the economy by creating the new apprenticeships (coinciding with the launch of the NAS' London campaign which contacted 54 000 business across the city to encourage them to take on apprentices). In addition to improving the capital's training record, it also sought to raise awareness that opportunities are available across a range of sectors from hospitality and travel to fashion and media

Around 20% of total employment in London is in the public sector which gives significant opportunities to boost apprenticeships. In addition, the highest take-up of apprenticeships in Level 2 and 3 are predominantly in public sector organisations – for example, childcare, health and social care (LSEB, 2010). While this demonstrates public sector leadership, it also indicates a relatively low take-up in some of the service sectors which dominate the London economy and suggests a need to improve levels of employer training in large and growing sectors. The recent cuts in public sector expenditure have also meant in many cases significant public sector job losses, but high levels of job turnover meant employment opportunities were still there.

It was expected that the public sector would play a significant role in delivering the apprenticeship growth and lead by example. Two key commitments were made to increase the number of apprentices employed in London's public sector. London Councils (a cross-party organisation, funded and run by London's 33 boroughs) agreed to deliver 2 000 apprenticeships in London's boroughs and partner organisations. The second commitment was by the Mayor of London to employ 2 000 apprentices both directly and through supply chains over two years.

Source: Evans, S. and G. Bosch (2012), "Apprenticeships in London: Boosting Skills in a City Economy – With Comment on Lessons from Germany", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2012/08, OECD Publishing. doi: 10.1787/5k9b9mjcxp35-en.

Recommendation: Provide robust career advice to youth and adults, which is based on local labour market information and linked to growing job opportunities. Examine the potential role of careers clusters in creating pathways for individuals into vocational education and training and work

Actions to improve the balance between skills supply and demand require effective information on the job opportunities available in the local economy. In particular, it is critical that youth are equipped with adequate information and advice on career opportunities available and the educational pathways that must be followed to find a job in their chosen occupation or industry. High schools need to work more closely with the public employment service and vocational education system to create clearer, simpler and more recognised pathways into vocational education and training. Career pathway approaches can be used to support young people moving into more vocationally specific

Box 4.4. Reverse marketers in Australia

The term reverse marketing has been in use for some time to describe a marketer who helps consumers to achieve their goals without trying to sell them anything. It works by making the consumer come to you, not you to them. The term, reverse marketing, is now commonly used in the Australian employment services industry. It refers to the practice of providers' to actively market job seekers to potential employers where vacancies have not been advertised, and to refer and place job seekers into those jobs. Reverse marketing provides a mechanism to stimulate demand for labour by pre-empting employers' labour needs before they create a vacancy. Effective reverse marketing can play an important role in the wider employment services framework by providing job ready job seekers with access to vacancies that may not otherwise exist.

In Australia, reverse marketers target specific employers with whom the job seeker is likely to be able to find sustainable employment. This means understanding the skills, attributes and desire of the job seeker to work in a specific industry and matching these to local employers who are most likely to need additional labour, and having a strategy to "sell" the job seeker to these employers. It is in the best interests of both providers and job seekers that providers target their reverse marketing activities according to the needs of their local labour market and the skills and aspirations of the individual job seekers on their caseload.

One way to avoid the inappropriate use of reverse marketing is separate the reverse marketer in the office from other roles. For example, at one provider interviewed for this study, the employment consultant (the individual who has direct contact with jobseekers) does not participate in reverse marketing. Instead, this role is allocated to a specialist reverse marketer who is one-step removed from the jobseeker. This reduces the risk that employment consultants push unsuitable jobseekers onto employers. The separation is also justified by the particular attributes required for effective reverse marketing: a strong connection with the local industry that takes a long time to build.

Source: OECD (2014), "Employment and Skills Strategies in Australia", *OECD Reviews on Local Job Creation*, OECD, Paris, doi: 10.1787/9789264207899-en.

careers and set out how this can be done by articulating the knowledge, skills and competencies to better connect education with work in an occupation.

A career cluster is a grouping of occupations and broad industries based on commonalities. Job profiles are mapped across an entire industry so learners and workers can see how different careers interact and rely on one another and then local training organisations, industry bodies and economic development and employment actors collaborate to facilitate effective pathways within the clusters. Providing support to individuals by creating sustainable career pathways is particularly important in policy contexts where temporary employment is on the rise. This policy approach can also be targeted to low skilled individuals and immigrants.

Efforts undertaken the United States to map career clusters and pathways demonstrate that they can be effective in strengthening the labour force attachment of youth and also aid the school to work transition (see Box 4.5). For example, in Maryland, policy makers used a career cluster system to develop programmes that extend from high school to two- and four-year colleges/universities, graduate schools, apprenticeship programmes and the workplace.

Box 4.5. Careers guidance and clusters in the United States

Maryland, United States

In the United States, local and regional government agencies have increasingly adopted sectoral strategy approaches to economic development and a similar approach is surfacing in the workforce-development field. As partnership between workforce and economic-development agencies becomes more common in regions and communities, the role of education and workforce agencies in mapping and building skills pipelines for key industries becomes more critical to economic-development practitioners. Public education and workforce systems organise their work through pathways and cluster models. For high schools and community colleges, establishing career-pathway models helps to connect them to the economy, and to produce workers with the appropriate skills for jobs in the region.

Maryland started working on a sectoral strategy approach in 1995 under the School-to-Work Opportunities Act. Some 350 business executives in ten different sectors were brought together to inform education policy makers about their bottom line: how they made money and what they needed to be successful. The original project was funded with USD 25 million of federal School-to-Work funds, and the approach was bottom-up: mapping what knowledge and skills were required and developing programmes around clusters of skills. Within each county, a Cluster Advisory Board (CAB) focused on different industry clusters. In Montgomery County, Maryland, for example, which hosts the third largest biotechnology cluster in the United States, a CAB is focused on the biosciences, health science and medicine cluster. Administrators, counsellors, and faculty members use the career-cluster system to develop programmes that extend from high school to two- and four-year colleges/universities, graduate schools, apprenticeship programmes and the workplace. Although the cluster framework was originally developed for high schools and young people, it is now being adopted by workforce investment boards and other programmes serving adults.

Michigan, United States

The Industry Cluster Approach focuses on five broad clusters: agriculture, energy, healthcare, information technology, and manufacturing. The five clusters were selected based on 14 economic measures, including current employment performance, future expectations, employment concentration; wage and salary impact; and human capital and skills.

Michigan's Cluster Strategy approach assists in the development of industry-based partnerships through the engagement of local employers to provide direct information on jobs in-demand, skill sets required, training programme requirements and candidate assessment factors to improve successful transitions from training to long-term employment.

Customised training within the Great Lakes Bay region is built around FAST START, a partnership between Delta College, Michigan Works and area advanced chemical, solar and battery manufacturers. Fast Start supplies employers who are creating or expanding product lines with employees who have industry-specific technical, critical thinking, team work and communication skills. The economic development partners initially meet with employers. The employer establishes the hiring criteria and skill sets required. The duration of the training is from 12 weeks to nine months. The employer sets the entry level criteria and develops the curricula jointly with Delta College. The local workforce development agency refers clients to Delta College which in turn selects participants for training. Fast Start is designed for individuals who can make a full-time, 30 hour per week classroom/training commitment (and an additional 15-20 hours per week outside of class).

Box 4.5. Careers guidance and clusters in the United States (cont.)

Because it is an accelerated class, the “best fit” candidates will have good pre-test scores, a college degree or completed coursework in a technical area preferred, and work or military experience in a technical/mechanical field.

Source: Hamilton, V. (2012), “Career Pathway and Cluster Skill Development: Promising models from the United States”, *OECD Local Economic and Employment Development (LEED) Working Papers*, 2012/14, OECD Publishing.

Career services in Northern Ireland appear to provide a good service for young people – there are Career Advisors in secondary schools that help youth define their interests. Greater collaboration between the Department for Employment and Learning and the Department of Education could strengthen these efforts and ensure that information about future labour market needs are delivered to both students and parents, who are the major influence on children’s education and career choices.

Career planning for unemployed adults is less effective as it is not well linked with training providers. Jobseekers and local employment services staff would benefit from greater breadth, quality and accessibility of sub-national data on existing and emerging jobs available. Barcelona Activa, Barcelona’s Local Development Agency, has also created an online service for professional guidance which allows users to identify their work interests and match their own profile with job profiles (see Box 4.6).

Box 4.6. Using a webportal to connect job seekers with employment**Barcelona Activa, Spain**

Barcelona Activa, Barcelona’s Local Development Agency, is seeking to “foster the transformation of Barcelona through entrepreneurship, business growth, innovation, human capital, professional opportunities and quality employment”. As part of this process, the agency aims to improve the skills demand and supply match in the city. To assist with this, Barcelona Activa has recently created a unique online service for professional guidance – Porta22. Porta22 is a web portal that contains tools for all types of users who want help defining and putting into practice their own professional paths, as well as for professional guidance counsellors. It is divided into three main sections (Person, Tools and the Market) and provides functions that allow users to explore the local labour market and learn more about job opportunities.

One of its most advanced tools is a bank of almost 1 000 professional profile descriptions that provides information on all aspects of a given career, and profile descriptions are linked to a search engine that has over 7 000 job offers. A professional interest test allows users to identify their work interests and match their own profile with job profiles. The key skills dictionary allows users to better understand the importance of key competencies in the current labour market.

Providing clear, up-to-date information on local employment sectors and the skills required to enter these means that job-seekers can assess which career paths are open to them, and it also helps to ensure greater transparency in career pathways.

Source: Clark, G., J. Huxley and D. Mountford (2010), *Organising Local Economic Development: The Role of Development Agencies and Companies*, Local Economic and Employment Development (LEED), OECD Publishing, doi: 10.1787/9789264083530-en.

Targeting policy to local employment sectors and investing in quality jobs

Recommendation: Identify and provide targeted support to local sectors of growth while improving the quality of local jobs by working with employers to raise demand and encourage the better utilisation of skills

The Economic Strategy for Northern Ireland has identified a number of key sectors with the greatest potential for growth, including telecommunications and ICT, life and health sciences, agri-food, advanced materials and advanced engineering. It also highlights the opportunities in business and financial services, creative industries, tourism, the rural economy and the third sector. The Department for Employment and Learning has identified a range of sectors where it will focus its employment and skills provision. They are business services (specifically ICT); financial services; retail; food and drink processing and manufacturing; advanced manufacturing; advanced engineering; hotels and catering (in support of tourism); health and life sciences; and creative industries.

There is close collaboration between the Department for Employment and Learning, Invest NI and the Department of Enterprise, Trade and Investment in relation to the ICT, food and drink processing and manufacturing, and the advanced manufacturing and engineering sectors. Despite the identification and collaboration in these three key sectors, it is not clear how joined-up efforts are with the economic development agencies in supporting other key sectors for future growth and ensuring that the skills workforce needed is available. In particular, stronger, more explicit links could be drawn between programmes and specific priority sectors.

The importance of better utilising skills is articulated in Northern Ireland's Skills Strategy and the Department for Employment and Learning provides a suite of programmes focused on management and leadership development. However, more can be done to articulate the importance of this policy area, which can lead to improved productivity for employers and better quality jobs. The Department for Employment and Learning could more explicitly outline a role for Further Education colleges in working with employers in this policy area. There is also a greater opportunity for Sector Skills Councils to undertake this work.

A key pillar of job quality is better utilising the skills of those already at work. This requires not only considering how skills are provided by the education and training system, but the extent to which employers develop and utilise skills in the production process. OECD research has shown that local public agencies can contribute to improving how skills are put to use by using a number of different policy instruments, such as incentives for employers to invest in new technology and the promotion of more effective forms of work organisation (Froy and Giguère, 2010). In many countries, it can be difficult for the public sector to advise business on productivity issues, as there is a "credibility" gap which needs to be filled before policy makers can successfully get involved in this area. To overcome this, it can help to work with intermediaries. Investors in People is one intermediary in Northern Ireland, however given the importance of ensuring better skills utilisation, it is crucial that a wide-range of actors are involved.

Vocational training colleges can play an important role in improving skills utilisation locally. In areas of traditional low skills low wage employment, the role played by these institutions may be as, if not more, important in stimulating innovation than local universities (see Box 4.7).

Box 4.7. Better Skills Utilisation in Action – Canada and Italy

Skills utilisation approaches in Niagara, Ontario, Canada

Local educational institutions in the Niagara region of Canada are actively engaged in stimulating productivity and increasing the utilisation of skills by employers. The local community college, Niagara College, for example, has a tradition of working with local firms on R&D and innovation projects and has recently received funding from the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) to increase its capacity to support the innovation goals of regional SMEs.

The research arm of the college (Niagara Research) collaborates with firms in areas that include product and process applied research; engineering design; technology development; product testing; proof of concept; piloting; and problem solving. The most recent federally funded year-long programme includes partnering with 165 SMEs to develop basic business tools within the following sectors: information and communication technology, advanced manufacturing, greenhouse/viticulture/horticulture, renewable energy, and environmental technologies. The local Brock University has also developed a newly-built Cairns Family Health and Bioscience Research Centre which includes, alongside scientific and technical research, a business incubator to encourage spin-offs and ensure that products can be taken to market.

Improving skills supply and utilisation in Rivera Del Brenta, Italy

In the Rivera del Brenta industrial district in Northern Italy, a cluster of firms in the footwear sector have collaborated to pool investment in training provision while also collectively upgrading product market strategies in order to engage in high quality international markets. The region traditionally hosted cottage-based shoe making industries which mainly employed low-skilled blue collar workers. However the area has now become a global centre for the production of high quality ladies footwear (supplying to Giorgio Armani, Louis Vuitton, Chanel, Prada, Christian Dior), through the development of an international brand by the local employers association, ACRIB.

An important role has been played in the economic development of the district by the privately-run local polytechnic, *Politecnico Calzaturiero*, which employs firm managers to train local workers and job seekers after hours, while also offering management training, and investing in research, innovation and technology transfer. The polytechnic therefore invests in skills supply whilst also optimising skills utilisation through new product development and improved human resource management. The fact that firms are members of ACRIB means that they are less worried about pooling training, technology and new innovations - investment in local human capital will not only improve prospects for individual firms but also for the global brand as a whole.

Source: Eddington, N. and P. Toner (2012), "Skills Formation Strategies in Queensland: A Skills Shortage?", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2012/07, OECD Publishing, doi: 10.1787/5k9b9mjdj4xr-en; Froy, F., S. Giguère and M. Meghnagi (2012), "Skills for Competitiveness: A Synthesis Report", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2012/09, OECD Publishing, doi: 10.1787/5k98xwskmur6-en.

OECD LEED research has identified a number of tools, which can be used to raise the quality of jobs and improve skills utilisation. In the area of guidance, facilitation, and training, these include:

- *Supporting technology transfer*: Facilitating investment in new technology by employers, setting up partnerships for the sharing of innovation and new technologies.

- *Providing technical assistance to improve working conditions and work organisation:* This may mean the re-professionalisation of front-line positions in some sectors and a reduction in dependence on temporary staff, while in others it may mean applying lean manufacturing techniques. Providing staff with enough time to pass on skills and learning is also important.
- *Encouraging participation in training for both managers and workers:* Better trained managers are likely to create more productive working environments for their staff. At the same time, companies need to be encouraged to make training and other skills development opportunities available to their employees.

Public procurement can also be used to help local firms think longer term and therefore invest in increased productivity. This can include, for example, longer contracting periods. In addition government contracts can require a certain level of working conditions, and a certain level of commitment to training. Social enterprises also have an important role to play and can avoid some of the short-term pressures associated with satisfying private shareholders. They can in some cases take a longer-term perspective to developing and training their staff.

Recommendation: Ensure policies and programmes also focus on employed individuals who may be at-risk of redundancy and provide progression opportunities

The global crisis has put pressures on many economies across the OECD and led to significant increases in unemployment, including in Northern Ireland. This has put pressure on employment services with an increase in the number of people seeking services and assistance. While it is critical that government policies focus on how to re-train and re-skill these individuals for new growth areas, it is also important that policies seek to ensure currently employed individuals remain resilient and have opportunities to maintain and develop skills that will also help them to progress within their sector or occupation.

Ensuring employment progression is a key aspect of job quality. OECD research has shown that low-skilled adults are generally less likely to access training and this situation is often exacerbated for individuals who lack contact with local labour markets in the long-term. Many communities are faced with the need to respond to a “stagnation of participation” in education and training amongst the lower skilled. Lower-skilled people are increasingly employed on a temporary basis, with it being unusual now for such workers to gain a “career for life”, and it can be difficult to see how one job may lead to another higher up within the job hierarchy. Putting in place the right policy mechanisms for employment progression can support low-skilled employees in particular to advance in a given occupation or sector.

The UnionLearn initiative in the UK is a positive example of outreach to individuals who may be at risk of unemployment, usually in lower-skilled work, and the provision of training to help them improve their skills.

Recommendation: Embed the promotion of entrepreneurship in a wide-range of labour market policies and programmes and ensure that data is collected on entrepreneurial activity

Invest NI devotes significant resources to promoting entrepreneurship and supporting those who wish to start their own business. The programmes of the Department for Employment and Learning, including Steps to Work and the vocational education and

Box 4.8. Unionlearn in the community: Tackling disadvantage

Unionlearn is the learning and skills organisation of the Trades Union Congress (TUC) in the UK. Unionlearn works to assist unions in the delivery of learning opportunities for their members as well as managing GBP 15 million Union Learning Fund (ULF). Over the past 12 years, more than 28 000 Union Learn Representatives (ULRs) have been trained and 230 000 people are being given training and learning opportunities through their union every year. Each year, more than 50 000 trade union members enrol in trade union education courses organised by the TUC.

Union learning is growing fast; almost every union is now involved in union learning, supported by Unionlearn, helping hundreds of thousands of learners at all levels, from basic numeracy and literacy to degree level qualifications. In a recent survey of 400 employers, with a total of six million employees, 87% said that they wanted to continue to support union learning, with two-thirds saying that it benefited the organisation and 81% saying it benefited the individual.

Union Learning Representatives

Crucial to Unionlearn's activities in the workplace and within communities is the role of the Union Learning Representative (ULR). ULRs have been key in building participation in lifelong learning. As well as helping individual members, Unionlearn evaluations have demonstrated that ULRs have had a positive effect upon workplaces and organisations themselves. A UK Government Survey by Ofsted praised the role of ULRs, saying that learners receive: "outstanding peer support from ULRs" (TUC, 2009). Up to 4 000 ULRs are trained annually with the support of Unionlearn, and more than 2 000 follow-on training modules to help them support colleagues in the workplace were delivered by TUC Education, including Skills for Life, Supporting Learners (IAG) and Equality and Diversity. ULRs support high numbers of Skills for Life learners, including those on English for Speakers of Other languages (ESOL) courses. An ever increasing proportion of union learners on the union route are being supported on vocational programmes at Levels 2 and 3. There are also more union learners accessing continuing professional development and higher education opportunities.

Community Learning (and other) Champions

Education or training for those who are not confident about taking part in courses. While one in ten adult learners as a whole say they are not confident learners, four in ten union learners describe themselves in those terms and over half have not taken part in education or training in the previous three years. Within UK trade unions, there are now many types of champion who can and do support learning within the community, including Disability Champions, Health Champions and learning mentors. Community Learning Champions (CLCs) have specific roles in driving up learning within disadvantaged communities. They are often from a similar background to the people they are working with and have good local knowledge. They act as both advocates and role models for learning. CLCs are linked to organisations that provide community-based learning opportunities for adults and have signed up to be part of the CLCs National Support Programme.

CLCs are trained to recognise that disadvantaged potential learners may have many reasons why they cannot access learning. This can include the hours that they work, the level of skills they have, their ethnicity or social background and previous negative experiences of learning. To engage with potential learners, it is important that CLCs understand the barriers that may stop them learning. CLCs are trained to "map" the local community to identify the range of places and services that people use, and where they work. This is useful for "targeting" an audience, where CLCs focus on people with something

Box 4.8. Unionlearn in the community: Tackling disadvantage (cont.)

in common, for example people who work the same shift pattern or have a similar background or attend a community centre.

Source: Dean, A. (2013), "Tackling Long-Term Unemployment Amongst Vulnerable Groups", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2013/11, OECD Publishing, doi: 10.1787/5k43jct8n2nv-en.

training sector, include modules to encourage entrepreneurship options for young people but it is not clear how much emphasis is placed on these. Reports on these programmes focus on the numbers who have secured employment and Steps to Work contractors are paid on this basis. The Department for Employment and Learning should focus more on efforts to promote entrepreneurship, including for youth, within its existing suite of policies and programmes, collaborating more closely with Invest NI initiatives in this area and ensure that data on the outcome of such activities is collected and utilised.

There is also the potential to work with the Department of Education and careers' advice systems to ensure that entrepreneurship is promoted as a viable career option for youth. More should be done to support the acquisition of entrepreneurship skills by youth by embedding entrepreneurship teaching throughout the education system, providing information, advice, coaching and mentoring, facilitating access to financing, and offering support infrastructure for business start-up.

Entrepreneurs need to use a range of skills in starting up and operating successfully in business, including both the workplace skills required of employees and further skills that reflect the additional demands of running a business. While some of these skills may not be absolutely necessary for business success, possessing them is likely to increase the quality of an entrepreneur's business and the chances that it will be sustainable and grow. It is therefore important to identify the skills used by entrepreneurs and consider how they may be strengthened by policy.

Box 4.9. Entrepreneurship education at primary and secondary education levels, Finland

Entrepreneurship education is included as an obligatory subject in all primary (ISCED 1) and secondary schools (ISCED 2 and 3 – lower and upper general secondary education) in Finland, and is strongly emphasised in the latest five year development plan for education and research (2011-16) elaborated by the Ministry of Education and Culture.

The main objective is promoting entrepreneurship at all levels of education and improving co-operation between education and business. Guidelines for Entrepreneurship Education, 2009, have been published by the Ministry of Education and Culture in co-operation with other ministries and stakeholders, including objectives to be attained by 2015, for example, a stronger focus on entrepreneurship and a better collaboration between key players in the development of teaching methods to develop entrepreneurship.

Box 4.9. Entrepreneurship education at primary and secondary education levels, Finland (cont.)

The national core curriculum for basic education includes a cross-curriculum thematic called “participatory citizenship and entrepreneurship” (for ISCED 1 and 2) and “active citizenship and entrepreneurship” (for ISCED 3). Its implementation depends on teachers, schools and the local educational authorities and environment. Due to school autonomy, methods of implementation may vary. However, guidelines are included as part of the core curriculum and these specify that the main focus should be on practical exercises and the creation of personal participation experiences.

A key component of entrepreneurship education is the learning environment, which is aimed at activating pupils and students and increasing their awareness of entrepreneurship and the world of work. The learning environment may be developed in co-operation with various organisations and enterprises and should be based on the following principles:

- The focus is on the learner’s own activity.
- Learning also takes place in a simulated or real-world setting.
- Learners can directly interact with entrepreneurship.
- Instruction is based on problem-solving and interaction.

In primary and secondary schools, the learning outcomes concern attitudes (self-awareness, self-confidence, taking initiative and responsibility, risk-taking, critical thinking, creativity and problem solving) and knowledge about entrepreneurship, career opportunities and the world of work and business. For some students (upper secondary education), learning outcomes may concern practical exploration of entrepreneurial opportunities.

Source: Finland Ministry of Education – Department for Education and Science, 2009 available at: www.minedu.fi/export/sites/default/OPM/Julkaisut/2009/liitteet/opm09.pdf.

Being inclusive

Recommendation: Promote the provision of area-based approaches through the community and third sectors and ensure that they are co-ordinated and supported by mainstream employment and training services. This will ensure that vulnerable individuals (long-term unemployed and economically inactive) receive tailored support to help them re-enter the labour market

There is a broad range of employment and training programmes specifically targeting at-risk groups, such as the economically inactive, older workers, and youth delivered within the community and third sectors in Northern Ireland. These programmes can duplicate and overlap with programmes set at departmental level. There is clearly a need for greater co-ordination and integration between the services and programmes provided at the local level. Stronger links between local initiatives and mainstream programmes, and for greater input at community level to the mainstream programmes, has the potential to not only enhance the impact of what is on offer from both the public and third sectors, but also to more effectively leverage the resources available to meet the needs of individuals and communities in specific areas.

The impact of the economic difficulties Northern Ireland confronts has, as it has done in other countries, pushed vulnerable individuals and those on the margin of the labour

market further away from it. It is important that such people receive the types of support needed to help them integrate into the labour market. In Flanders (Belgium), activities were targeted at vulnerable individuals in poverty and wide-ranging support provided in order to help them gain both the necessary training and skills, as well as “soft skills”, such as confidence building, to facilitate their entry into the labour market.

Box 4.10. Work Welfare Counsellor in the Targeted Trajectories activities in Antwerp and Alost, Belgium

The “Work and Investment Plan” (WIP), concluded by the Flemish government and the Flemish social partners on 18 December 2009 in answer to the economic crisis, pays specific attention to vulnerable groups in the labour market, including people in poverty. That enabled the start of two projects in Antwerp and Alost which focused on experimental trajectories towards work for people living in poverty. These trajectories were quite innovative: a non-fragmented, cyclical guidance model, which could last for more than 18 months. During the whole trajectory, only one mediator/“buddy” was allocated for every jobseeker and every trajectory was tailor made by the combined efforts of the public employment sector, local organisations of people from impoverished backgrounds, intermediary organisations of the welfare services and the local authorities.

The role of the Counsellor was absolutely crucial to the success of the project. They remained with the jobseeker throughout their journey, providing continuity and a sense of permanence, helping to enhance the confidence of the client. They supported the jobseeker with both work and welfare advice and were encouraged to view them as a unique person with their own aspirations and characteristics. By getting to know the jobseeker, they were better able to identify key strengths and competences and were consequently better able to source appropriate resources and tailor made learning opportunities (skills and attitudes).

Having a strong client relationship also helped with the often-complicated task of encouraging the jobseeker to set realistic goals and providing honest, realistic feedback, enabling the jobseeker to recognise unrealistic work perceptions and expectations, and helping to create new, achievable work life goals.

The Work Welfare (W2) Counsellor needs to have established skills in providing IAG. They need to match the strengths and competencies of the jobseeker with the needs, demands and expectations of the employer. They also need to refer the jobseeker to the correct welfare services and, if necessary, care providers. Effectively visualising the jobseekers’ “social map”, and establishing a co-operative relationship between the various welfare actors and the partners delivering the training or employment activity. Balancing these competing agencies requires a strong competency in traditional mediation skills.

Source: Dean, A. (2013), “Tackling Long-Term Unemployment Amongst Vulnerable Groups”, OECD Local Economic and Employment Development (LEED) Working Papers, No. 2013/11, OECD Publishing, doi: 10.1787/5k43jct8n2nv-en.

In Ireland, the MOMENTUM programme (it should be noted that this programme is different to the Department for Employment and Learning’s Employment Service Modernisation programme which is also called Momentum) is designed to encourage flexibility in training provision in order to enable providers (public, private and not-for-profit) to design programmes that demonstrably link specified types of disadvantaged jobseekers with specified areas of employment, and to assume some of the risk if employment outcomes fall below their expectations.

Box 4.11. MOMENTUM programmes – more innovative, rapid responses to employers’ training needs

A recent government initiative has been launched which will provide free education and training projects for up to 6 500 long-term jobseekers to assist them in gaining in-demand skills and to access work in sectors of the economy where there are job opportunities. The programmes include on-the-job training in the form of work experience modules as well as the development of the workplace skills required to obtain and retain employment. 36 education and training providers from both the private and public sectors will offer 62 individual MOMENTUM programmes in 87 locations across the country. These projects will be in the expanding employment areas of ICT, digital media, healthcare and social services, the green economy, food processing, and sales and marketing. Programmes are based on clusters of occupations in sectors associated with good national employment opportunities. Specific projects will also be available for those under 25 to assist them to enter or return to employment, including “Train To Work Opportunities”, “Green Pathways”, and a Graduate Activation Programme.

MOMENTUM is an outcomes-based model of education and training. The payment system to providers is outcomes based with part payment reserved for key stages of the programme, including challenging certification, progression and employment outcomes at the end of the programme. The courses are tailored to both the needs of the long-term job-seeker, but also employers who are experiencing skills shortages. MOMENTUM is administered by FÁS and funded by the Department of Education and Skills through the ESF supported Labour Market Education and Training Fund.

Source: OECD (2014, forthcoming), “Employment and Skills Strategies in Ireland”, *OECD Reviews on Local Job Creation*, OECD, Paris, doi: 10.1787/9789264207899-en.

Recommendation: Continue to focus on ways of reducing youth employment and assisting NEETs and ensure that this is effectively integrated into wider employment policies and programmes

An ambitious new NEET strategy was introduced in 2012, however, it is too early to say whether it has been successful. Given the scale of the problem in Northern Ireland compared with other parts of the UK and the diverse number of partners engaged in the delivery of the strategy, it will be important to monitor progress closely and regularly in order to see what is working and where the activities might be strengthened. More joint working and co-ordination among local level organisations could create more integrated supports for youth and a continuum of interventions to combat youth unemployment.

Highlighting the importance of tackling youth employment through a co-ordinated approach is the activities undertaken in Glasgow. By ensuring that local organisations are able to share knowledge and good practices, as well as acting as brokers between clients and programmes, the impact of policies and programmes can be heightened. Policies and approaches can benefit also from being “co-created” with local youth to create greater ownership and ensure that local initiatives are better adapted to their needs.

The Pathways to Education programme in Toronto, Canada demonstrates the importance of providing youth with a comprehensive set of academic, financial, and social supports to link them to education, training, and employers (see Box 4.13).

Box 4.12. Tackling fragmentation and duplication, Glasgow, UK

The city of Glasgow has re-engineered its approach to supporting youth employability since the mid-2000s and since the recession. It is believed that one contributing factor to this is the shift from supporting individual projects to one where the emphasis is on improving the entire ecology of interventions available and joining these up. This has included establishing clear leadership responsibility in an area that has traditionally been “everyone’s problem but no-one in particular”, introducing shared targets for the city, establishing a Youth Gateway model to promote information sharing and joint service commissioning, and embedding schools into the partnership model.

Young unemployed people were commonly in a “revolving door” between publicly funded projects which rarely led to positive outcomes. Steps taken to address this have included action to promote improved joint working and bringing in a tracking system. A number of changes to promote genuine collaboration have also been introduced, including establishing a Service Level Agreement in 2009 outlining roles and responsibilities of all key players, and the introduction of Youth Employability Groups to monitor progress on the ground – each chaired by a head teacher. Addressing structural difficulties at departmental level is a long-term goal. Under the banner of Glasgow Works, a co-commissioning model was piloted where funders have adopted a more transparent approach to financing interventions.

Source: Travkina (2013) “Local Strategies for Youth Employment: Learning from Practice”, OECD LEED Working Paper, available www.oecd.org/cfe/leed/Local%20Strategies%20for%20Youth%20Employment%20FINAL%20FINAL.pdf.

Recommendation: Review the current suite of child care policies and programmes to ensure they are supporting the integration of women (in particular single mothers) into the labour market

Access to child care remains a barrier to employment for women and family friendly policies have tended to be introduced mainly by larger employers. There is the potential to think more strategically about how the provision of child care can be utilised both to meet the needs of families, and specifically women, to work, alongside its contribution to meeting wider social and economic objectives. For example, if workers in local childcare services are also tasked with offering early years education, policy makers can both improve the quality of local childcare jobs (as additional responsibilities will create more job satisfaction and higher pay) while also helping to ensure that all children, including those in more deprived communities, are equipped with the generic skills which are crucial in today’s economy. The potential contribution of the third sector in this area is something which could also be considered.

In Australia, the Department for Education, Employment and Workplace Relations (2013) launched an Early Years Workforce Strategy. The Strategy will help build a highly-skilled and capable workforce, which is essential in fostering high-quality services and achieving the best outcomes for children. There is increasing recognition that the work of caring for and educating young children is complex and requires enhanced qualifications and on-going professional development. Programmes delivered by qualified educators are particularly effective in improving outcomes for vulnerable children. The Strategy provides the first commitment to an agreed vision and long-term framework for the early childhood education and child care workforce. It will be used to develop immediate areas of action and longer term policy options.

Box 4.13. Pathways to Education – Toronto, Canada

The Pathways to Education Program was created by Toronto's Regent Park community in 2001 and is now being delivered in ten other Canadian communities. It aims to support academic achievement by providing a comprehensive set of academic, financial and social supports.

- **Academic tutoring:** Tutoring sessions focus on homework and study assignments, as well as prepared exercises and other learning activities to help students develop as competent learners. Attendance at tutoring is obligatory twice a week if a student's marks fall below certain levels although many attend tutoring sessions even if their marks are above the minimum level.
- **Financial support:** Bus tickets were provided to participating students for transport to and from school and vouchers were provided as needed for school lunches. Students who fail to attend classes lose their eligibility for bus tickets and lunch vouchers. Pathways also provides a financial incentive to participating students.
- **Social supports:** Each student is assigned a Student-Parent Support Worker, who monitors school attendance, academic progress and programme participation while helping the student build stable relationships with parents, teachers and other students. Career mentoring is designed to support students in pursuing their post-secondary goals and Pathways maintains formal connections with the graduated students for two years after high school.
- **Results:** From 2001, when the first cohort of Regent Park students entered Grade 9, until 2010, Pathways has helped reduce dropout rates from 56% to less than 11.7% (for the first 5 cohorts in Regent Park).

Source: Pathways to Education Canada (2010), "Pathways to Education program introduction and overview", Pathways to Education Canada, Toronto, ON, Canada, www.pathwaystoeducation.ca/sites/default/files/pdf/Overview%2021_10_10.pdf.

Responsibility for developing a sustainable early childhood education and child care workforce is shared between service providers; early childhood educators; the peak bodies for the sector, including unions; the Australian, state, territory and local governments; training providers; families; and, communities. All of these stakeholders contribute to workforce development for the sector and can drive change by working together.

The Strategy will see actions taken to support professional development and leadership opportunities in the sector as well as promoting early childhood careers and existing training programmes and pathways.

Ontario, Canada has invested heavily in providing early childhood education on a province wide basis by establishing full day kindergarten for four and five year old children. In September 2010, Ontario began phasing in the Full-Day Kindergarten Programme, with full implementation in all schools by September 2015. The schools day runs from 9:00 am – 3:00 pm and each school is also encouraged to offer before and after-school programming (e.g. child care) on site outside of these hours, with the goal of creating a seamless day for children and parents. Four- and five-year-olds will learn under the guidance of a teacher and an early childhood educator. This will make it easier for parents to get to and from work and will ensure their children have an integrated learning program for the whole day.

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