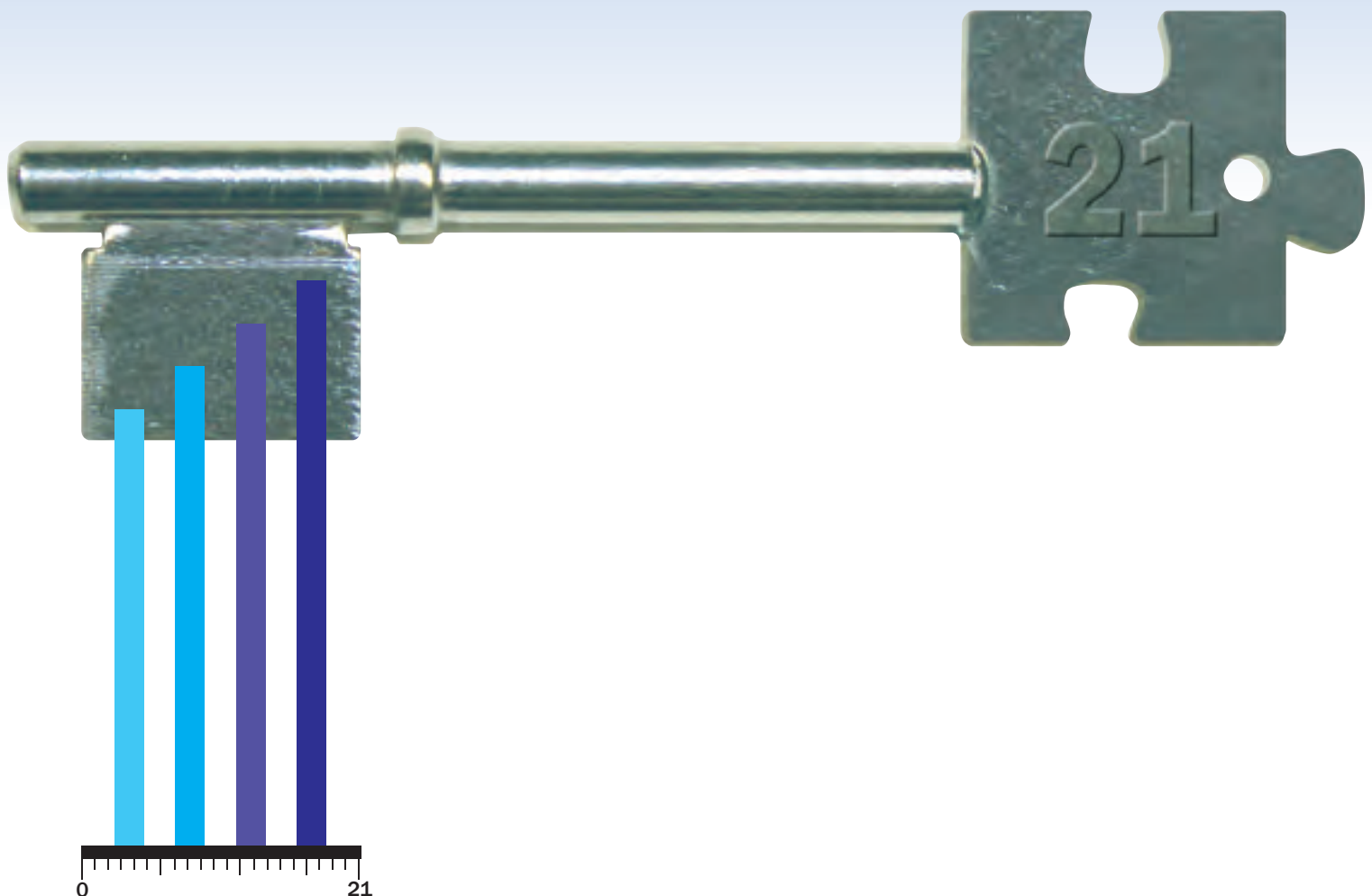




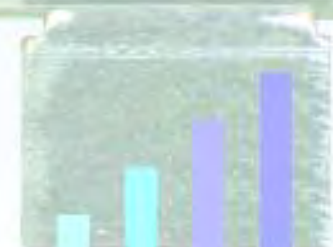
Labour Market Bulletin 21

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Foreword



Sir Reg Empey, MLA Minister for Employment and Learning

In Northern Ireland we face a great challenge. Unemployment, the scourge of the past, still blights too many lives and too many communities. But it is a battle we are winning slowly but surely. We have moved from being the UK's unemployment blackspot to the region with the lowest unemployment bar one as I write these words. We must maintain our efforts on this front and, as this Bulletin makes clear, give hope and help to those who are currently excluded from the labour market to find a job.

The next challenge is even more difficult. Our future depends on our ability to compete economically. To do this, we

need to build a workforce that is innovative, enterprising and skilled so that we can take full advantage of opportunities that exist now and will exist in the future. This means that we must improve the skill levels of the population starting with the skill levels of those currently in employment: looking forward more than two-thirds of the 2020 workforce are working today. It also means improving the skills of those out of the workforce, to help them find jobs and help businesses and the economy as a whole to perform better. Finally it means ensuring that those starting on their journey through the labour market have the skills necessary to meet the ever-increasing demands of the modern – and future – workplace.

This is a big challenge but one which, as Minister for Employment and Learning, I am determined we shall meet. We have already articulated in our skills strategy, Success through Skills, what we need to do, and now we must deliver. This is not a job that government can, or should, do alone. We need the active participation of others, including employers, training providers, FE Colleges, Universities and individuals themselves.

It is important that our decisions are based on good evidence which can then be discussed and debated. That is why I am pleased to commend to you this current issue of the Labour Market Bulletin. The Bulletin draws together research, information and analysis from both from within government and without. Articles cover a wide range of topics, from the impact of our Higher Education Institutions on the local economy to initial reports of the Pathways to Work Pilot programme to help Incapacity Benefit claimants back into jobs. It also includes articles which examine the use of and demand for skills from the perspectives of both employee and employer.

As a devolved administration, we need to use information and research which is relevant to us here to ensure our people gain the skills that will help them obtain rewarding and secure jobs today and in the future. The Labour Market Bulletin is a valuable resource which helps frame the policies and decision making that will shape the future of the Northern Ireland labour market.

Editorial

“All changed, changed utterly.”
William Butler Yeats (1865 – 1939), from “Easter 1916”

“Plus ça change, plus c’est la même chose”¹
Alphonse Karr (1808 – 1890)

For once, perhaps, applying Yeats’s quote to the local politician situation as it developed in 2007 can be done without being accused of hyperbole. The events of just before Easter 2007, which led to the restoration of the Northern Ireland Assembly and Executive do seem, with even as little as a few month’s hindsight, to have represented a paradigm shift in Irish politics similar in magnitude with that effected by the eponymous Easter of Yeats’s poem, or of Easter 1998 and the signing of the Belfast Agreement. I have even taken the editorial liberty of replacing Yeats’s original colon with a full stop; not to indicate that history in this context has come to an end, but rather to express cautious optimism, whether this is justified is for others – and time – to judge.

For politics, also read labour market. The labour market changes in Northern Ireland of the past decade or so do not flow from a single event or process, and there is no one time where one can point to and say “this is where it all changed”, but the change has been dramatic nonetheless. The change began in the early 1990s – but it instructive to look

back at the time when the Good Friday Agreement was signed in April 1998. At that time unemployment had fallen over the previous few years, but was still standing at over 55,000 with a rate of 7.5%, amongst the highest in the UK. Just over 650,000 people were in jobs, with an employment rate of just 67%, the lowest in the UK (and which was to drop over the next two years). The year 1998/99, immediately following the signing of the Agreement, saw net out-migration from NI reach nearly 5,000: not as high as the exodus of the early 1970s, true: but on a par with most of the late 70’s and 80’s, and a far cry from the net inflows of the mid-1990s, which were in turn probably affected by the paramilitary ceasefires of 1994 and recession in the rest of the UK. But one thing was certain: there was no post-migration “bounce” following the Agreement.

Consider in contrast the current position, and the change since the signing of the Agreement in 1998. Incidentally (and coincidentally), just four days before the Agreement was signed, Northern Ireland saw the introduction of a significant new (at the time) labour market policy: the New Deal for young unemployed people aged 18-24, which came into operation on 6 April 1998. This introduced a mandatory work placement, education or training element for those young people unemployed and claiming Jobseeker’s

Allowance for a period of six months or more. So political change was not all that was in the air at the time.

In late 2007, employment was at record high levels, with nearly 780,000 people in employment, up by around 130,000. The employment rate is up by 3 percentage points on 1990: this is no mean feat with the working age population growing substantially since then. Unemployment, at 3.8%, was at record lows in 2007, and has nearly halved since 1998. Indeed, if I may be forgiven a temporary blind eye to issues around sampling error, NI now has the second lowest unemployment rate in the UK. Median private sector wages have been growing more strongly in recent years than in the UK as a whole (but the latest year has bucked this trend; see below). And of course, the migration picture has been transformed: in 2005/6, net international migration into NI stood at just under plus 10,000. So, all changed, indeed.

But the second quote at the head of this editorial also resonates with the position of the NI labour market. Some things have changed, and dramatically (and, largely, for the better). But some things haven’t: or if they have, they haven’t changed enough. Consider the following (by no means an exclusive list):

- **Skills.** The Leitch Report on Skills (discussed in this issue of the Bulletin) was published in December 2006 after LMB #20 had gone to press. It is a UK-wide document which points out that the UK as a country needs to upskill its workforce considerably over the next decade or so to remain competitive in world terms. If there is a problem at the UK level, we have it in spades in NI: nearly a quarter of our working age population has no qualifications, higher than any other region. The draft NI Regional Economic Strategy, published early in 2007 by the Department of Finance and Personnel, suggests that too many of the jobs that have been created have been at the low end of the skills spectrum, and the implication is that we need to do better.

- **Wages.** Wage levels in the economy are indicative of a number of factors, including the strength of the demand side, productivity, and the mix of jobs amongst others. Wage data suggest that we still have many problems: although median private sector wages have grown faster than those in the UK as a whole over most recent years, this has been from a low base and recent figures show that the median NI private sector wage remains only 83% of that of the UK as a whole. This is not indicative of a strong vibrant labour market. And in 2007, private

sector wages hardly grew at all, despite the fact that earnings grew in every occupational group. This latter pattern suggests that proportionately more “low-end” jobs are being created.

- **Economic Inactivity.** “The most recent figure for economic inactivity published by DETI shows that inactivity in the working age population is currently running at just over 27%, and NI’s inactivity rate is the highest in the UK”. I have put this in quotation marks because it could have been written in almost exactly the same way for the past 25 years: during most of that time, inactivity has varied between 27% and 30%, with a downward trend in recent years that is only really observable with the eye of faith. Exclusion from the labour market due to inactivity remains a key issue for NI. After all, if we want to increase employment, it is difficult to see (apart from migration) where this increase is going to come from, as unemployment cannot fall much lower. Therefore mobilising a proportion of the inactive remains a key policy objective.

- **Migration.** Migration has been seen one of the biggest shifts over the past few years, as mentioned earlier. The issue is covered in detail within the Bulletin: but caution. Most of the discussion perforce falls on

the numbers of people coming from elsewhere (mostly eastern Europe) to work here. This should not obscure the fact that NI still sees a substantial tranche of its young (18-24) population move outside NI for Higher Education, many of whom do not return (or, perhaps I should more accurately say, have not yet returned). Plus, skilled and educated as many of our new migrants may be – but most of them are not working in higher-pay (and higher-value added) jobs in our economy. Finally, the migration “tap” was switched on in earnest in 2004 with the accession of a number of eastern European countries to the EU: who is to say how permanent this phenomenon might be? We need to be careful that we do not unquestioningly adopt a new paradigm on migration without critically examining the issues.

These are some of the issues that face us. The Bulletin addresses these issues and others in an attempt to increase the flow of information and analysis and hence foster debate. I hope that you find the Bulletin an interesting, relevant, and enjoyable read.

Finally, I would like to thank a number of people without whom this Bulletin would never have been completed. First to the many contributors of articles to the Bulletin, without whom – no Bulletin; and also to members of the Editorial Board for their

Editorial

oversight of the Bulletin. In the production of the Bulletin we have been very ably assisted yet again by Roisin McAuley and Leslie Stannage from Leslie Stannage Design. Last – and certainly not least – I would like to offer a big “thank you” to members of the administrative team in Research and Evaluation Branch in DEL – Etta Wilson, Chris Lawless, and Nicola McGarrigle. Without them, this Bulletin would not have appeared, and this year has been particularly difficult and I am most grateful not only for their work, but also their patience.

Dave Rogers
Editor – Labour Market Bulletin

Skills and the Northern Ireland Labour Market – an Overview

Dave Rogers, Analytical Services, DEL

2007 saw Northern Ireland's highest recorded figure for the number of people in work; and continuing low unemployment. At the same time, immigration – chiefly from eastern Europe – continued unabated and migrants are now occupying many jobs. These are positive developments for NI – but there are some pointers that are not so encouraging. Wages in the private sector stagnated, possibly indicating a slackening of demand; and inactivity remains stubbornly high. This article gives a brief overview of the NI labour market and the issues to be faced; and how the content of the Bulletin informs the debate in this area.

Background

NI has seen nearly a decade and a half of uninterrupted improvement in the labour market. Employment has grown; and unemployment has fallen. On the other hand, levels of economic inactivity have remained stubbornly high and NI has a weak private sector with a large public sector: nearly one in three employee jobs in NI is in the public sector compared to one in five in the UK average. Skills levels in the working age population have been improving, but we still lag behind the UK average. This article looks briefly at key recent labour market indicators: at areas where the NI labour market needs to improve; and how the Labour Market Bulletin (LMB) contributes to our knowledge in this area. To support this, the key facts about the NI labour market are laid out in Chapters 2 and 3 of the Bulletin by statisticians from the Department of Enterprise, Trade and Investment (DETI)¹, who report on key labour market statistics.

Key Economic and Labour Market Characteristics

- **Steady Economic Growth.** In the period since 1997, regional Gross Value Added², the measure of regional “wealth”, has risen by 61% in NI compared to 59% in the UK as a whole. Thus we have (just) more than kept pace with the UK as a whole over this period. However our GVA

per head remains at 81% of the UK average – a figure that has not changed for ten years – and it remains the lowest of the UK's countries and regions bar Wales (and level with the North-East of England).

- **Continuing Employment Growth.** Employment, which has been growing strongly for many years, has continued to grow into 2007 and the most recent data show that there are now 779,000 people in employment in NI – the highest on record. Moreover the employment rate³ is around 70%, and has been consistently reporting figures in excess of 69% quarter after quarter. Recently, employment growth has been underpinned by an influx of migrant workers.
- **Low unemployment.** The ILO⁴ unemployment rate is now around 4 - 4¹/₂%, and is lower than the EU27 average of 7%; the UK average of 5%; and almost every other UK region. NI has been a low unemployment economy for the past few years and there is no sign of an increase at this point, although given rises elsewhere in the UK there is a need to track unemployment data in case levels should increase.
- **Persistently high levels of economic inactivity.** The most recently published figures on economic inactivity in NI show a rate of 27%: this



1 Detailed statistical reports on the NI labour market are published regularly by DETI www.detini.gov.uk

2 Regional GVA figures are given in Regional Accounts, available online at www.statistics.gov.uk. Data given here are to 2006 (provisional data)

3 The employment rate quoted here is that for people of working age, ie the percentage of working age people who are in employment. All NI labour market data in this

section are taken from DETI (www.detini.gov.uk) and UK data from the Office for National Statistics (www.statistics.gov.uk/elnmr)

4 ILO Unemployment relates to the International Labour Organisation definition of unemployment and is derived from the Labour Force Survey (LFS). It is different from Claimant Unemployment which is derived from administrative systems of those claiming Jobseeker's

Allowance. Readers should also note that employment rates are traditionally expressed as a percentage of the economically active (ie those employed and unemployed), not as a percent of the working age population. Using the ILO definition, just over 3% of the working age population are unemployed

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is within the range of 27%-30% that has characterised the last 25 years⁵. There is no discernable downward trend, although in recent years inactivity has been at the bottom of the range rather than the top. Economic inactivity remains higher than the UK as a whole (typical UK rate is 21%) and higher than any other UK region.

- **Low productivity remains a problem.** We have seen above that productivity, as measured by GVA per head, remains low in NI at 81% of the UK figure. But there are other indicators of low – and, more worryingly, relatively falling productivity here as well. For example, productivity in the private sector of forecast to stand at only 93% of the UK average excluding London and the South East in 2007/8⁶.
- **Low and stagnant wages.** Recent data confirm that, for full-time employees, median private sector weekly earnings in NI are substantially lower (17%) than in the UK as a whole. This is partially a reflection of a weaker private sector here. After a number of years of wage growth at a faster rate than the UK as a whole, median wages hardly grew at all in the year to April 2007 (+0.8%), compared to a rise of 3.1% in the UK as a whole⁷. Despite this modest decline, wages in most sectors grew onto 2007,

possibly suggesting a shift to less value-added employment.

- **High dependence on the public sector.** Recent figures from DETI show that some 31% of employees in NI are employed in the public sector. This is an increase from the situation a few years ago, although slightly down on 2006. Although figures for the UK as a whole are not directly comparable, it is evident that the public sector takes up a much larger share of employment than in the UK as a whole⁸.
- **Low skill base of working age population.** It is difficult to get a definitive handle on skills, as they are not readily amenable to measurement especially as part of a survey. And there are a number of arguments about what constitutes a good proxy for skills. One proxy is qualifications – or the lack of them. Data from Regional Trends show that in 2005, the most recent year for which published data are available at a regional level, some 24% of the NI working age population were without a qualification: this was some 10 percentage points higher than the UK average and 7 percentage points higher than the next “worst” region (Wales, 17%)⁹. The position is improving though: ten years ago one in three working age adults didn’t have a qualification; today the figure is around one in four. Skills

are the major issue for DEL and Chapter 4 on the Bulletin contains an update of the Department’s work on skills.

- **Increased in-migration to NI.** The last couple of years has seen a marked shift in NI in terms of migration – we now have substantial numbers of people coming here to work after decades (if not longer) of economic out-migration. This issue is dealt with in detail in Chapter 10 of the Bulletin. However we must not forget that there is still substantial out-migration of people, particularly young people who move to GB for Higher Education purposes¹⁰.

Strengths and Weaknesses of the NI Labour Market

Some key strengths and weaknesses of NI in relation to its labour market are given in **Figure 1**. Some of these are contextual – they depend on external factors over which the UK Government may have limited influence but which the NI government will have less (the performance of the UK economy, for example). Some of these factors will impact on NI labour market and be amenable to a greater or lesser degree to NI government action (eg political stability) but are beyond the scope of purely economic intervention. Other factors will be directly the concern of government economic policy – but on the demand side, and not directly the concern of policies

5 For a full discussion see LMB #18, Chapter 8

6 DETI Quarterly Economic Review, Winter 2007, p14. Available online at www.deti.gov.uk

7 Source: Annual Survey of Hours and Earnings (ASHE), DETI www.deti.gov.uk

8 Source for NI figures – DETI Monthly Report www.deti.gov.uk. NI figure relates to employees in employment. The equivalent UK figure (19%) is taken from Labour Market Trends (www.statistics.gov.uk) but is calculated on different basis ie all those in employment, and will therefore include the self employed.

9 Source: Regional Trends 39 (2006) www.statistics.gov.uk

10 See Labour Market Bulletin #19 Chapter 15 for more information www.delni.gov.uk/labour-market-bulletin-19.pdf

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and interventions aimed at the supply side. Finally, there will be those that are amenable to supply side actions, including

policy and programme intervention and of building the evidence base through targeted research and evaluation. This

latter group is the main focus of attention of articles in the Bulletin.



Figure 2: Selected Key Strengths and Weaknesses in relation to the NI Labour Market

	Strengths	Weaknesses
Economy	<ul style="list-style-type: none"> Steady economic growth underpinning labour market successes of recent years 	<ul style="list-style-type: none"> NI's output per head still considerably lower than UK and RoI average Recent economic forecasts for NI tend to be on pessimistic side suggesting possible difficult economic environment ahead
Labour Supply	<ul style="list-style-type: none"> Increase in labour supply – NI has expanding workforce and this means that it will not experience a demographic downturn in medium term NI has a stream of relatively well educated young people entering the workforce with high participation in education and training General rise in the proportion of working age people with Level 2 qualifications and above and fall in proportion with no qualifications In past few years there have been high levels of net in-migration which has helped plug labour (and skills?) shortages 	<ul style="list-style-type: none"> Increase in labour supply is also a potential weakness as number of jobs has to grow simply for NI to “stand still” Although NI young people do well there remains a group who have no or poor qualifications Some evidence of poor skills levels in existing workforce Outmigration of young people for HE Some evidence of skills shortages recruitment difficulties in some occupational areas Low levels of training in NI workplaces relative to UK as a whole Relative lack of childcare restricting access to labour market
Labour Demand	<ul style="list-style-type: none"> Strongly rising employment - job growth has more than absorbed population growth recently Low labour costs – making people easier to employ Median private sector wages rising faster than UK average over most recent years until 2007 (albeit from low base) Increasing productivity 	<ul style="list-style-type: none"> Although rising labour demand throughout most of NI there are areas with proportionately fewer job opportunities Low pay – can depress the attractiveness of jobs to potential employees and exacerbate “benefit trap” Median private sector pay hardly rose in 2007 and there were falls in most sectors High dependence on public sector (around 31% of NI jobs and 20% in GB) NI productivity still lags behind UK average
Non-employment	<ul style="list-style-type: none"> Unemployment has fallen considerably in recent years and JSA levels are around a quarter of those experienced in the mid-1990s NI now has low unemployment (currently around 4-5%) on a UK and European level 	<ul style="list-style-type: none"> Pockets of high unemployment and non-employment especially in certain areas Persistently high levels of economic inactivity: around 27% - highest in UK and hardly fallen over last 25 years Some groups (eg disabled people, older workers) disproportionately excluded from the labour market
Wider Factors	<ul style="list-style-type: none"> Re-establishment of local political structures and prospect of political stability Strong growth in word economy until relatively recently Prospect of falling interest rates 	<ul style="list-style-type: none"> High dependence on funding from UK Government with indications of tight public sector settlements over next few years Risks in the global economy, with possibility of recession Volatile (and falling?) stockmarkets, high oil prices

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Labour Supply and Demand

NI has a fast growing labour supply – in part reflecting past high birth rates: these dropped in the 1980s and 1990s, but show some signs of recovering recently. For example in the past decade since 1997, the NI working age population has grown by around 100,000, and this growth is expected to continue over the medium term, although projections show that from 2011 onwards, numbers in the young adult labour-market entry age groups will begin to fall, and the working age population itself is due to grow only slightly from around 2026 onwards¹¹. Also, as mentioned above, the situation is being affected by the in-migration of a large number of migrant workers. Previous projections had suggested a slight decline in the working age population from around 2025 onwards: the most recent figures have moved away from this position probably due to in-migration, higher birth rates, or a combination of the two. An update on the impact of migrant workers on NI is covered in the Bulletin in Chapter 10, and Chapter 11 reports on public perceptions of migrant workers in NI.

Skills

This year has underlined how important skills are in the labour market, and this is reflected in a number of articles in this issue of the Bulletin. Towards the end

of 2006, the UK Government published the findings of the Leitch Review of Skills: the Review and the corresponding NI position on skills are discussed in detail by Tim Devine in Chapter 4, which indicates the direction that the NI Skills Strategy, Success through Skills, is taking. One element of Success through Skills is a determination that the information base that will be available – especially at local level – will be improved. This has been the focus of the Department's Labour Market Information (LMI) review, which is reported on by Victor Dukelow in Chapter 5. DEL remains committed to improve LMI, and one outward manifestation of this in coming months will be the publishing on the Department's website (www.delni.gov.uk) of LMI reports covering the six Workforce Development Forum areas established by the skills strategy.

Good information is essential to understanding skills needs now and in the future, and one underpinning element is the NI Skills Monitoring Survey, initial results of which were published in the last issue of the LMB. This year's Bulletin contains a more detailed comparison of the 2002 and 2005 by Helen McCartney and Gayle Kennedy (Chapter 6). The Skills Monitoring Survey is based on the views and assessments of employers: but this year we have been able to add another piece of the jigsaw in the form of a survey of

employees which is reported by Alan Felstead and Francis Green from the Universities of Cardiff and Kent respectively (Chapter 9). This enables us to answer – at least in part – questions around the skills people actually use in their jobs. The "Skills in Britain" survey, which targets employees, has been running in Great Britain in one form or another since the mid-1980s, and in 2006 we had the opportunity to include NI in this survey for the first time. The results presented here allow comparisons with GB to be made and also lay down a benchmark for the future.

Chapters 6 and 9 embrace the whole of the NI labour force, although they do allow an element of "drilling down" into sectors and occupations. Chapters 7 and 8 dig into a little more detail. Chapter 7, by Colin Lindsay and Ron McQuaid from Napier University reports on research for the Sector Skills Development Agency on employers' future skills upgrading needs and key factors that have resulted in successful employer-trainer relationships in Scotland and NI. Chapter 8, by Jessica Bennett and Seamus McGuinness from ERINI, outlines a new approach for identifying priority sectors in NI. Other work on skills is under way – later in 2008 a major North-South Skills conference is planned to take place in the North West, and to underpin the conference an all-Island Statement of Skills Demand is in preparation, with DEL working in collaboration

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with partners from the Republic of Ireland: Forfás, Foras Áiseanna Saothair (FÁS), and the Department for Enterprise, Trade and Employment (DETE).

New Entrants to the Labour Force

Young people represent the key group in relation to new entrants to the labour market – a key target group for the NI Skills strategy. Obviously their characteristics and skills are important for employers and the labour market in general. It is to better understand the journey that these young people undertake that DEL has agreed to commission a Youth Cohort Study in NI for the first time: this study will begin by following young people in their final year of statutory education until they are aged 23/24: preliminary fieldwork for this will begin later in 2008 with the main fieldwork taking place in 2009.

Encouraging young people to engage in education or training is a key area to help upskill the young people themselves and also to improve the stock of skills in the working age population in the future. In Chapter 13, Graham Gudgin from Oxford Economics examines the importance of qualifications in achieving high wages and productivity, and Alan Ramsey reports on an analysis of UK graduate earnings in Chapter 15. Higher education institutions play a role in the local economy, and this is examined by John Kerr in

Chapter 18. Research in HE can also “pump prime” research and development knowledge in local businesses through transfer to the NI economy, and the extent that this is happening in NI is assessed in Chapter 17 by Nola Hewitt-Dundas and colleagues from Innovation Lab. Finally in HE, a number of research projects are currently under way: these are outlined by Ann Mallon in Chapter 16.

Providing a welcoming environment for all students is important for Further Education Colleges and their students. In the past, there have been some concerns expressed about the experiences of some minority ethnic and gay students, and the Department contracted PEER Consulting and KPMG to carry out work in these areas. Their findings are related by Denise Rainey and John McGettrick in Chapter 14.

Helping People Back into Work

We have seen that unemployment levels have been falling in NI for many years and are currently historically very low. Lower unemployment has followed on in part from the better performance of the NI economy, but has also been affected at a UK and NI level by government interventions such as the introduction of New Deal starting in 1998: previous Bulletins have carried the results of many New Deal evaluations that have been carried out. In this Bulletin, the Centre for

Social Inclusion and Locus Management report on the findings of a research project that was carried out with returners to New Deal (Chapter 19). This work has fed into the design of the new “Steps to Work” programme that will be rolled out across NI from September 2008 to build on the progress made under New Deal. In Chapter 20, Maria McDonnell and Kelly Wilson from KPMG reports on the initial results from a survey of New Deal Leavers: on their experiences of the programme and what they have done since leaving. Finally on New Deal, in Chapter 21 Eric Hanvey and Christine Jones from PEER Consulting report on the findings of an evaluation of a small – but important – part of the New Deal suite of interventions: the New Deal for Musicians.

Another key issue remains economic inactivity – this is true at a UK level, but perhaps more so in NI with our higher rates of inactivity and claims for Incapacity Benefit¹². If we want to increase employment we will need to attract people away from inactivity into work. This area is the focus of a considerable programme of research currently being carried out by the Department. Ian Shuttleworth and Chris Lloyd from QUB and Anne Green from the Institute for Employment Research report on initial findings from a research project to investigate the barriers faced by those on Incapacity Benefit into moving into work in Chapter 23. Findings from this research will



¹² In NI, 10.6% of the working age population claim IB: the rate for the UK as a whole is 6.8% Date - February 2006. Source: DSD (www.dsni.gov.uk)

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inform the further development of the Pathways to Work initiative: Jim Russell reports in Chapter 22 on the progress made to date with Pathways pilots that have been operating in various locations across NI. An evaluation of these pilots is currently under way and will be reported on in next year's LMB.

People In Work

One of the growth areas for NI over the past few years has been the expansion in Call (or Contact) Centres – employment in this sector has reached some 13,000, as Terry Morahan notes in Chapter 26 as he outlines the growth in this sector. Also, with increasing numbers of people trying to achieve a work-life balance that suits them and their families, encouraging flexible working patterns has been an important area for the Department and this was behind legislation on flexible working – including the right of workers to request part-time hours – that was introduced a few years ago. In Chapter 12, Kathryn Wilson reports on some survey evidence of the shifts of attitudes and practices amongst employees and employers between 2003 and 2006.

Conclusion

The Labour Market Bulletin sets out a considerable body of research and information about the state and performance of the NI labour market to underpin

debate both inside government and wider afield. It also points to other research carried on outside the Department – as Kathryn Wilson and Michael Chan report in Chapter 25. As the Minister has said in his Foreword to this issue of the Bulletin, we need to use the evidence presented here to guide our policy-making and in considering how best to deliver our services.

The Northern Ireland Labour Market 'At a Glance'

Statistics Research Branch, Department of Enterprise, Trade and Investment

The Labour Force Survey (LFS) is a quarterly sample survey whereby some 3,500 individuals aged 16 and over are asked about their personal circumstances and work. It is the largest regular household survey in NI and provides a rich source of information about the labour force using internationally agreed concepts and definitions. Similar surveys are conducted throughout the European Union allowing cross-country comparisons to be made.

Results obtained from the sample are 'grossed-up' to provide an estimate of the levels within the population as a whole. Each individual participating in the survey is given a weight or 'grossing factor' which is related to that person's age and sex. In this way the final grossed results reflect the distribution by age and sex of the population.

Individuals are classified into one of the following categories: in employment; unemployed; or economically inactive. The employed and unemployed combined comprise the economically active population.

Figure 1 shows the labour force structure of the **adult population**: that is, those people ages 16 and over, including those over the state pension age. **Figure 2** gives the labour market structure for the **working age** population, ie females aged 16-59 and males aged 16-64.

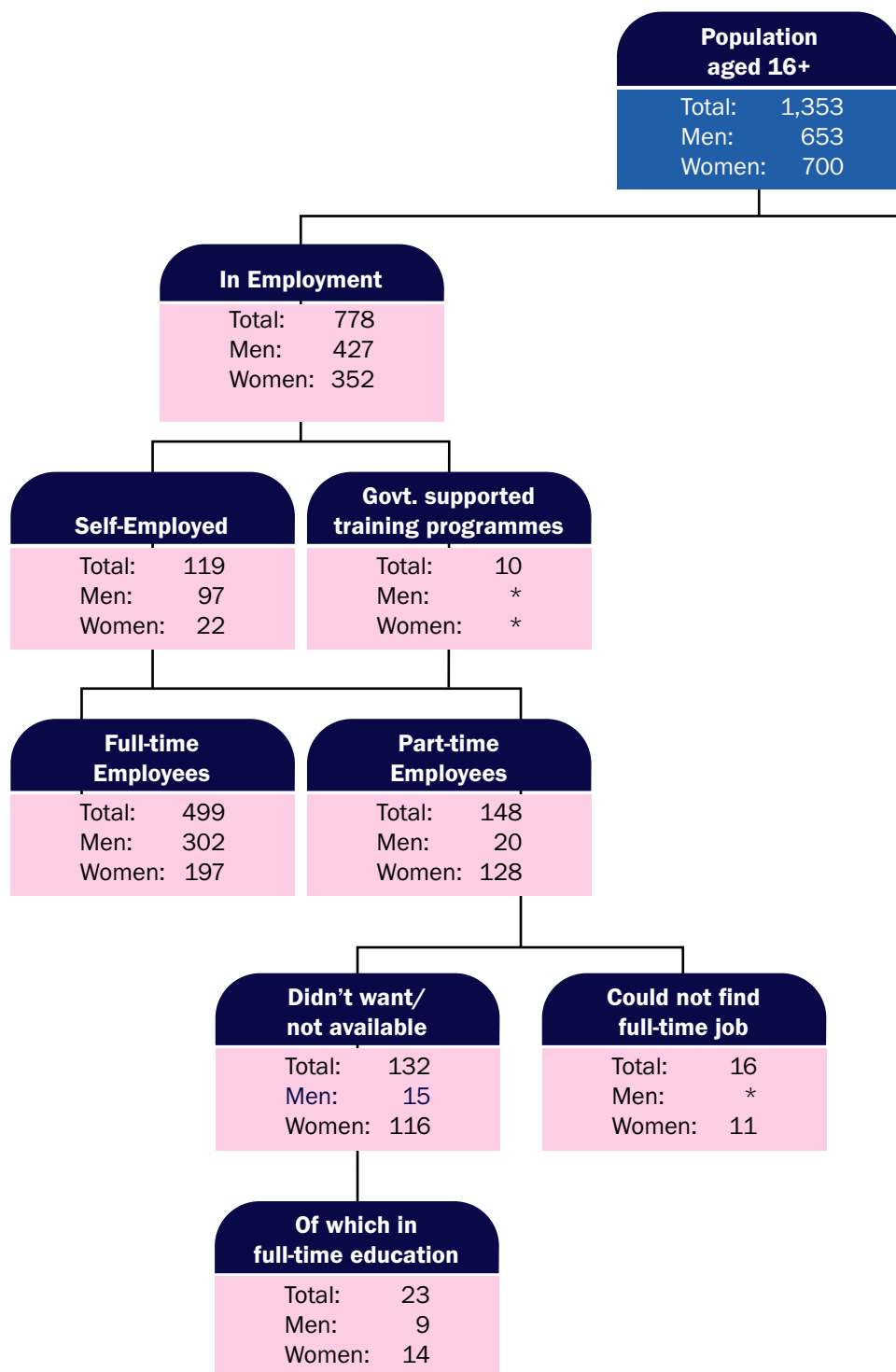
The charts show how each of these three major categories may be further sub-divided to produce LFS estimates for an entire spectrum of non-overlapping labour market groups ranging from full-time employee to economically inactive people who do not want a job. The results are for Quarter 2 (April – June) 2007.



The Northern Ireland Labour Market 'At a Glance'

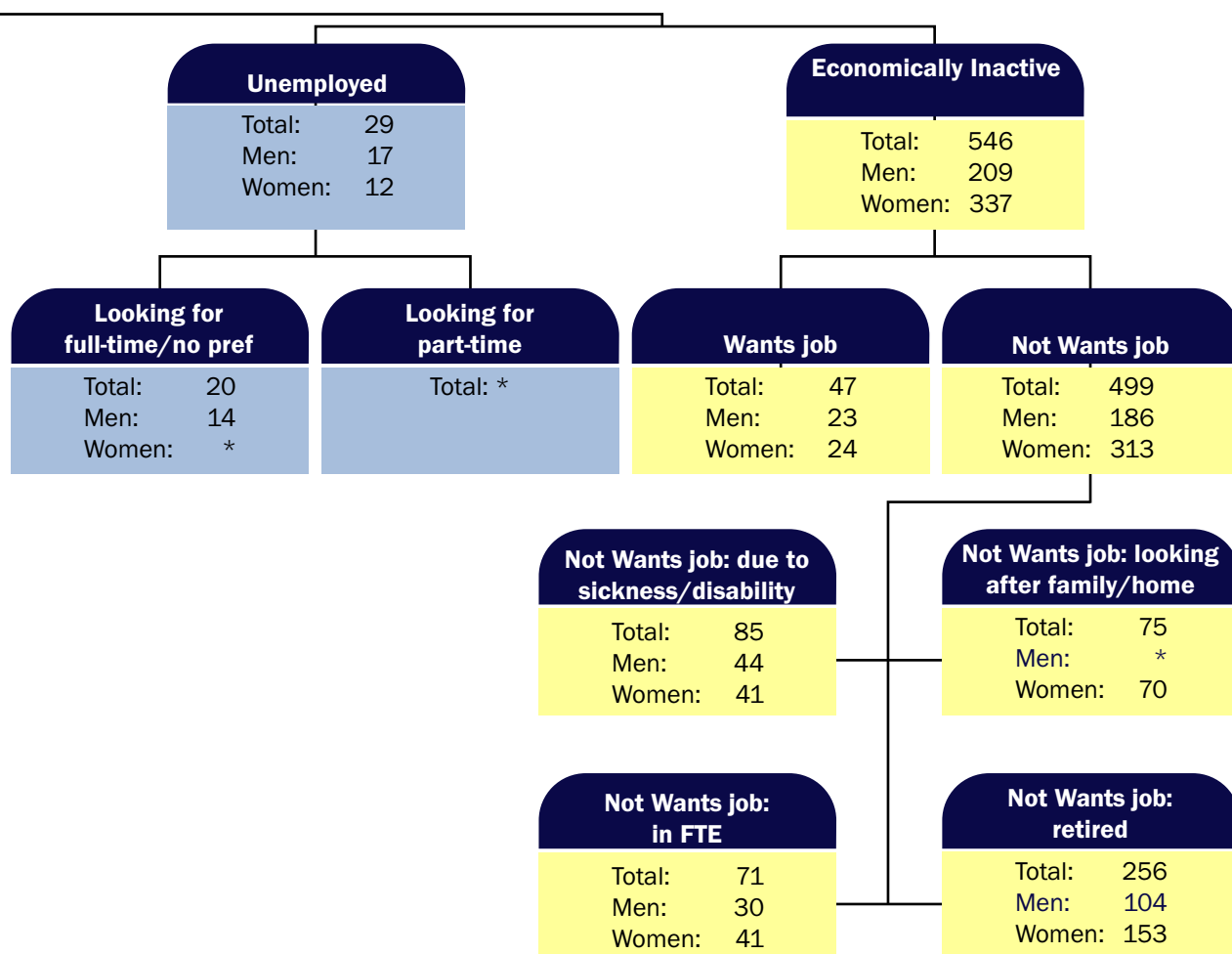
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Figure 1: Overall Labour Market Structure (16+ Population), Quarter 2 2007.



The Northern Ireland Labour Market 'At a Glance'

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Notes:

This chart illustrates the structure of the private household population in relation to the key ILO defined categories of in employment, unemployed and economically inactive (see Technical Notes for definitions).

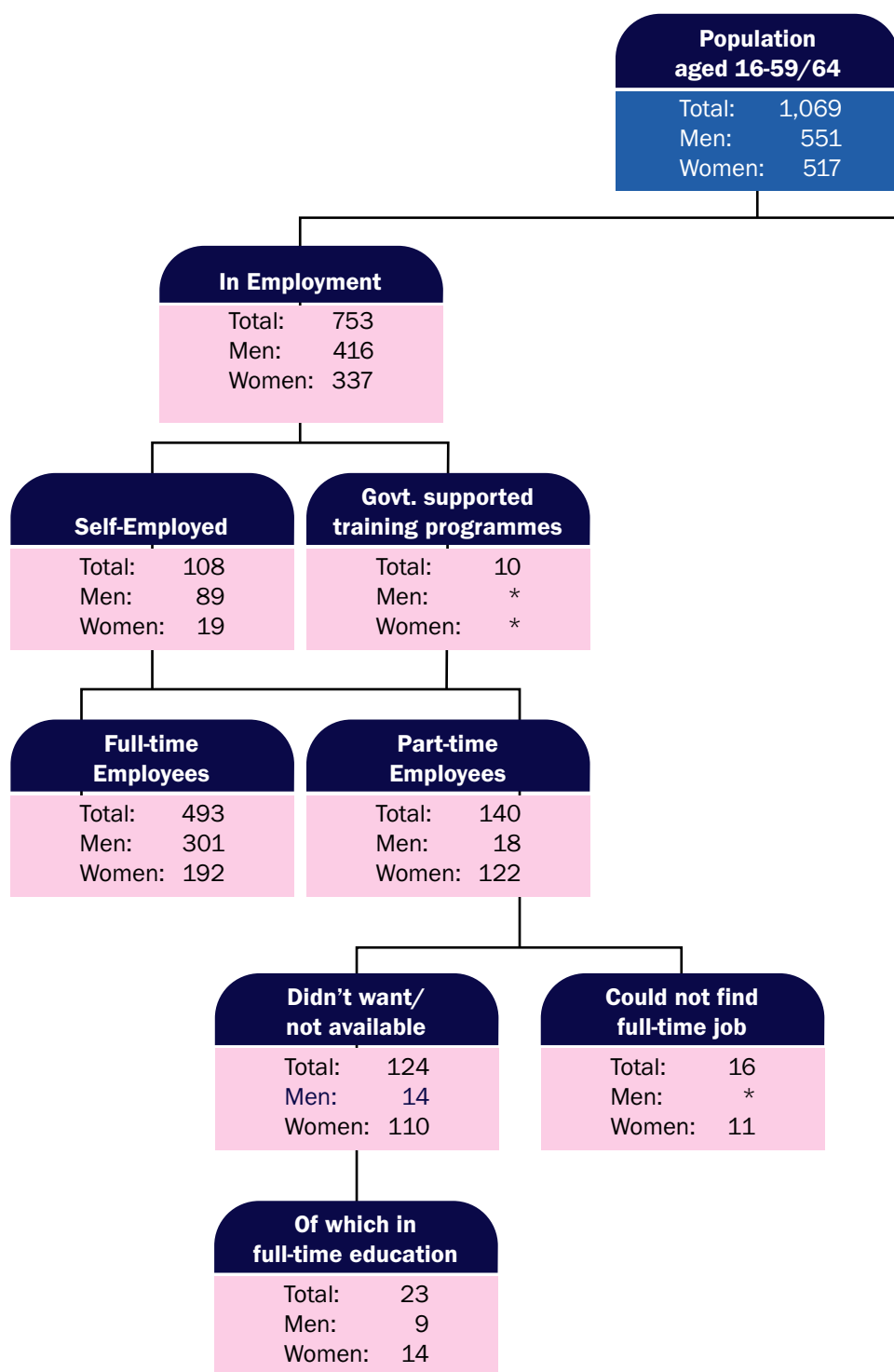
* Too small for a reliable estimate (this explains why a gender split for some categories is omitted).

FTE = Full-time education

The Northern Ireland Labour Market 'At a Glance'

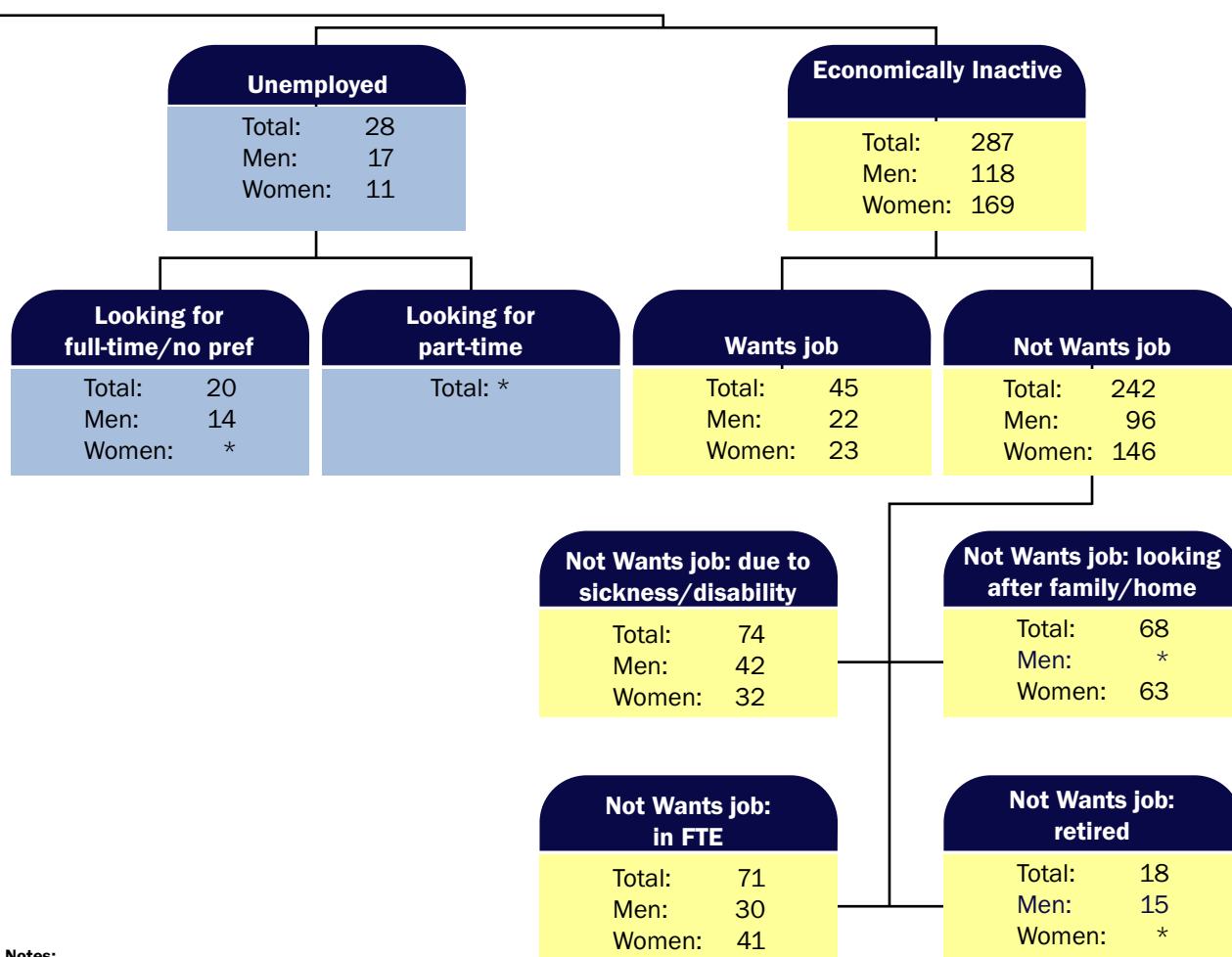
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Figure 2: Overall Labour Market Structure (Working-Age Population), Quarter 2 2007.



The Northern Ireland Labour Market 'At a Glance'

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Notes:

This chart illustrates the structure of the private household population in relation to the key ILO defined categories of in employment, unemployed and economically inactive (see Technical Notes for definitions).

* Too small for a reliable estimate (this explains why a gender split for some categories is omitted).

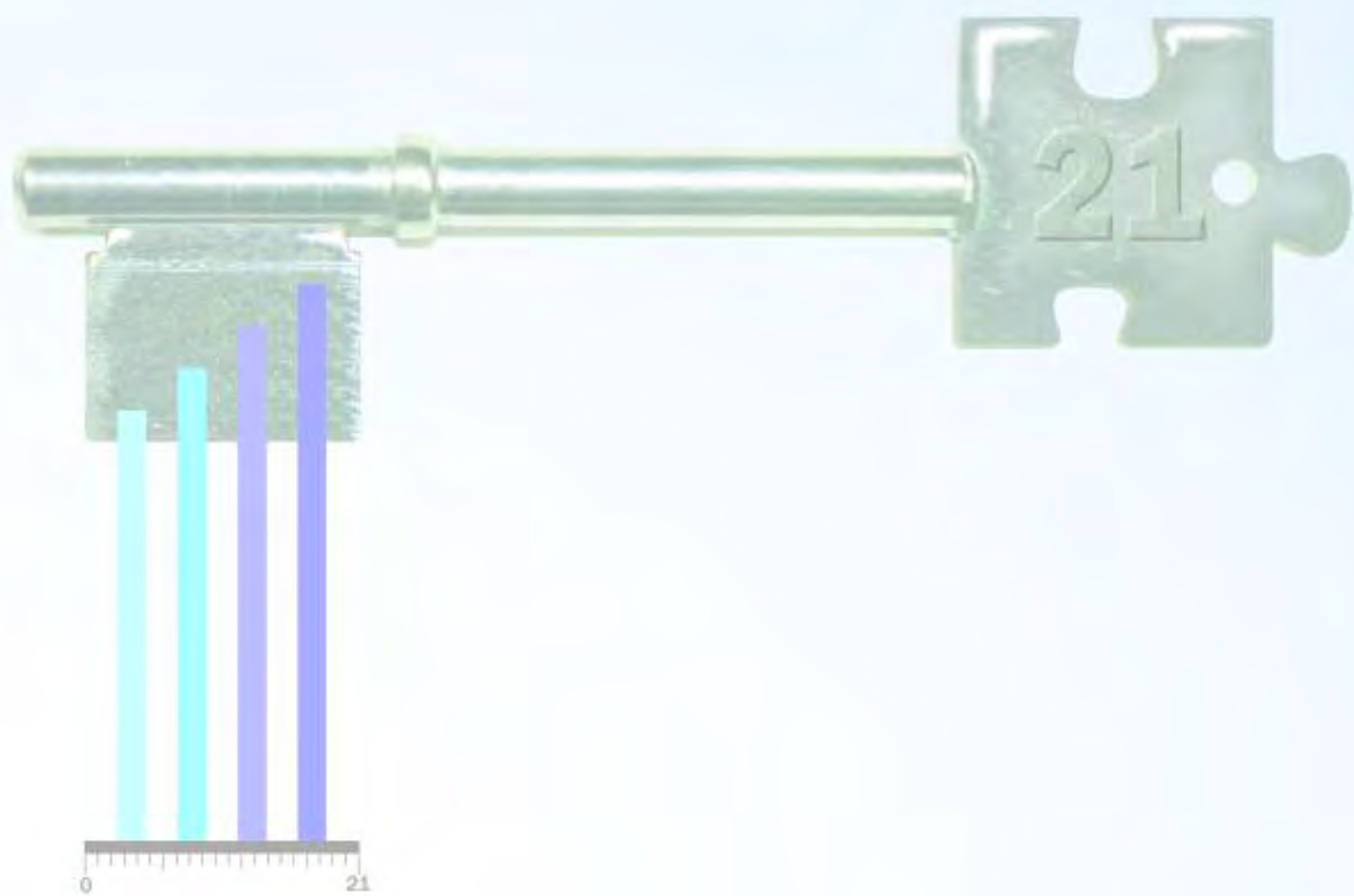
Working-Age = Ages 16 to 59 for females and ages 16 to 64 for males.

FTE = Full-time education

FURTHER INFORMATION

More detailed labour market analysis are published in the monthly report "Labour Market Report". This can be obtained (free of charge) by;

Writing to: Statistics Research Branch, Room 110,
Netherleigh, Massey Avenue, BELFAST BT4 2JP
Telephoning: Belfast (028) 9052 9475
[Fax (028) 9052 9459]
Textphone: Belfast (028) 9052 9304
Visiting the web site: www.statistics.detini.gov.uk



Labour Market Statistics: 2007 Update

Statistics Research Branch, Department of Enterprise, Trade and Investment

This article outlines current trends in the NI labour market using data from the Labour Force Survey (LFS), Quarterly Employment Survey (QES) and Claimant Count. A major strength of the LFS is that it is a self-contained integrated source of information on employment, unemployment, economic activity and many other labour market topics. It is the largest regular household survey carried out in NI and it uses concepts and definitions which are consistent with International Labour Organisation (ILO) guidelines. This article is based on data from the latest LFS available at the time of writing - Quarter 2 2007 (i.e. the 3 month period April to June 2007).

Table 1 provides a seasonally adjusted summary of the NI labour market position at April-June 2007 and an indication of change over the previous year. The figures show that there has been an annual increase of 11,000 in the seasonally adjusted employment and a fall in seasonally adjusted unemployment of 4,000, leading to the numbers of seasonally adjusted economically active increasing by 7,000.

Unadjusted Employment

The total number of persons in employment at April-June 2007 was 778,000. Of these 499,000 (64%) were full-time employees,

148,000 (19%) were part-time employees, 119,000 (15%) were self-employed and 12,000 (2%) were on government employment and training programmes or unpaid family workers.

Figure 1 shows how the relative size of these categories differs for men and women. While self-employment accounts for 23% of the total number of male jobs, it makes up just 6% of female employment. Another feature of the NI labour market is the significant contribution which part-time work makes to female employment. 36% of all females in employment are part-time employees compared with just 5% of males.



Table 1: Summary of Labour Market Statistics April to June 2007 (seasonally adjusted)

	Level	Sampling Variability of level +/- ¹	Change over Year	Sampling Variability of change +/- ¹
ILO* employment	780	+/- 21	11	+/- 26
ILO* unemployment	30	+/- 7	-4	+/-10
Economically active	810	+/- 19	7	+/- 24
Economically inactive	534	+/- 19	6	+/- 24
ILO* unemployment rate	3.7%	+/- 1.0%	-0.5pp ²	+/- 1.1%
Economic activity rate (16+)	60.3%	+/- 1.7%	-0.1pp ²	+/-1.3%

*Definition agreed by the International Labour Organisation (ILO) - taken from the Labour Force Survey (LFS)

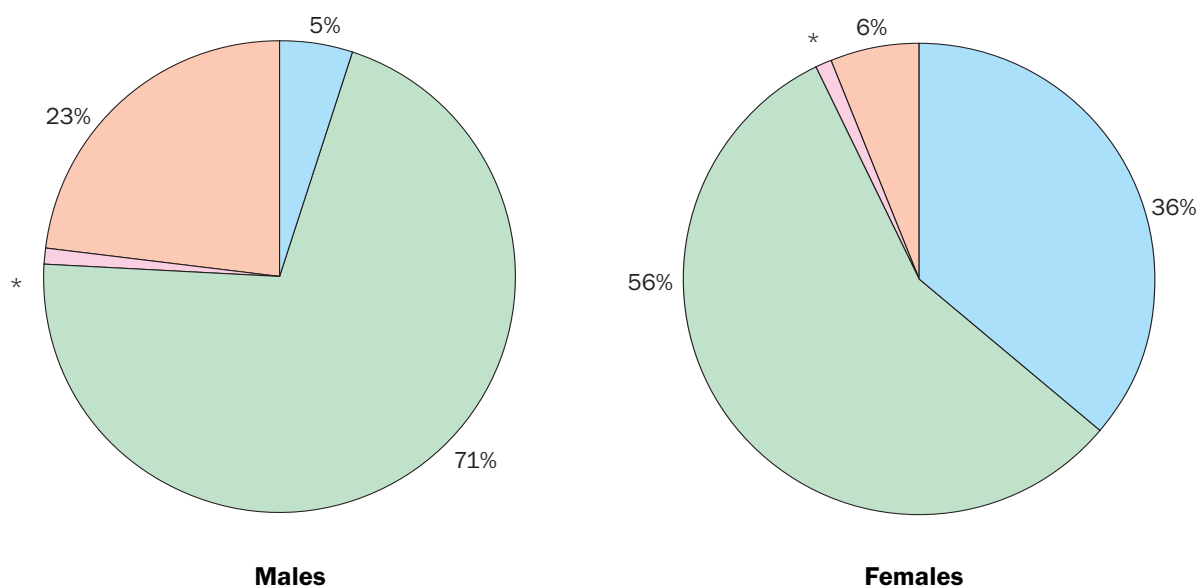
¹ 95% confidence interval

²pp percentage points

Labour Market Statistics: 2007 Update

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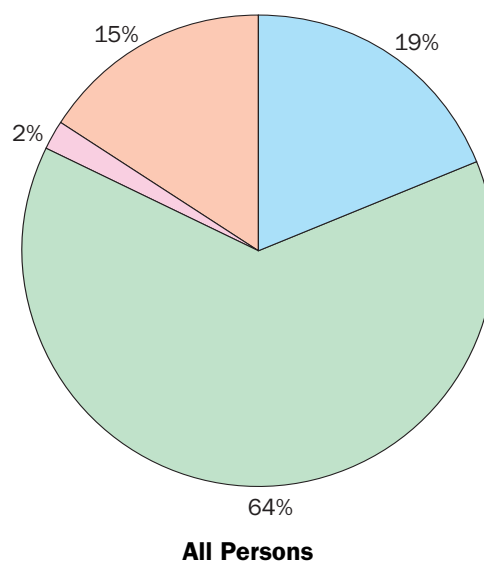
Figure 1: Categories of Employment



Reasons for Part-time Work

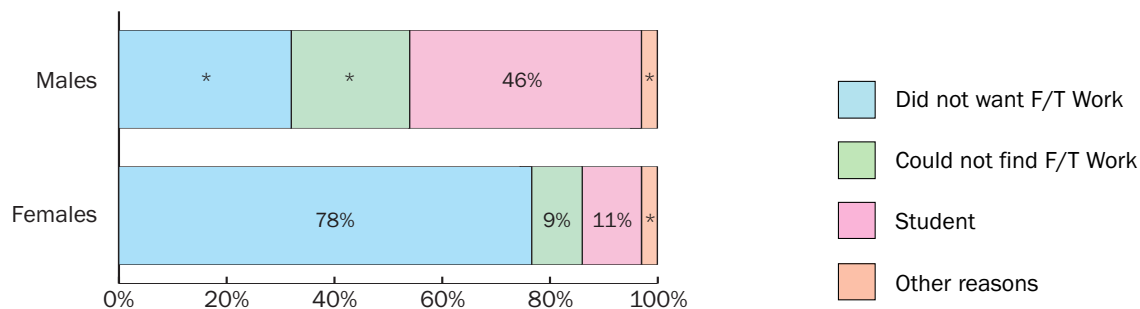
Figure 2 shows that the reasons for part-time working also differ for men and women. While the majority of males (69%) worked part-time because they were students or were unable to find full-time work, the main reason given by females was that they did not want a full-time job (78%).

- P/T Employee
- F/T Employee
- Others
- Self-Employ



"Others" comprise those on government training and employment schemes and unpaid family workers.
 * Too small for a reliable estimate.

Figure 2: Reasons for Employees Working Part-time



"Other reasons" comprise being ill or disabled.
 * Too small for a reliable estimate.

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Table 2: Employee Jobs, Full-time/Part-time split, June 2007

	Male		Female		Total	% change in total	
	Full Time	Part Time	Full Time	Part Time		since last quarter	since last year
Manufacturing	66,840	2,050	15,840	3,690	88,410	1.0%	1.1%
Construction	37,830	1,580	2,980	1,680	44,070	2.0%	6.0%
Services	175,780	50,850	166,630	173,790	567,050	0.4%	1.6%
Other ¹	6,840	8,250	1,040	1,110	17,230	0.0%	0.7%
Total	287,290	62,730	186,490	180,260	716,760	0.5%	1.8%

¹ Covers Industry Sections A,B,C and E

Employee Jobs

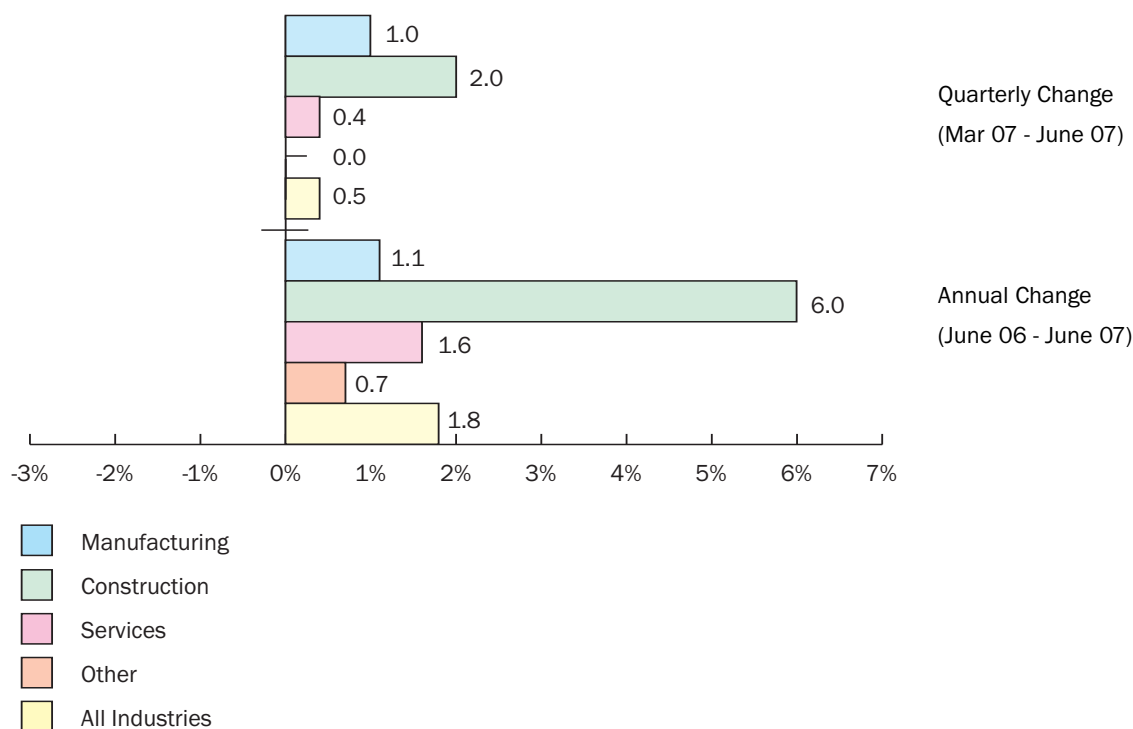
The other major source of employment information is the Quarterly Employment Survey (QES) which measures the number of employee jobs in NI.

Table 2 shows the breakdown of NI employee jobs at June 2007. Substantially more male

employees are working full-time (287,290) compared to part-time (62,730), whereas the female split in employee jobs is more evenly spread (186,490 working full-time compared to 180,260 working part-time). In June 2007 the total number of female employee jobs accounted for just over half (51.2%) of the NI total.

Figure 3 shows the annual and quarterly changes in employee jobs. Between March 2007 and June 2007 the number of employee jobs in NI increased by 3,910. This consisted of increases in the Service Sector (+2,170), Construction (+880), and in Manufacturing (+860).

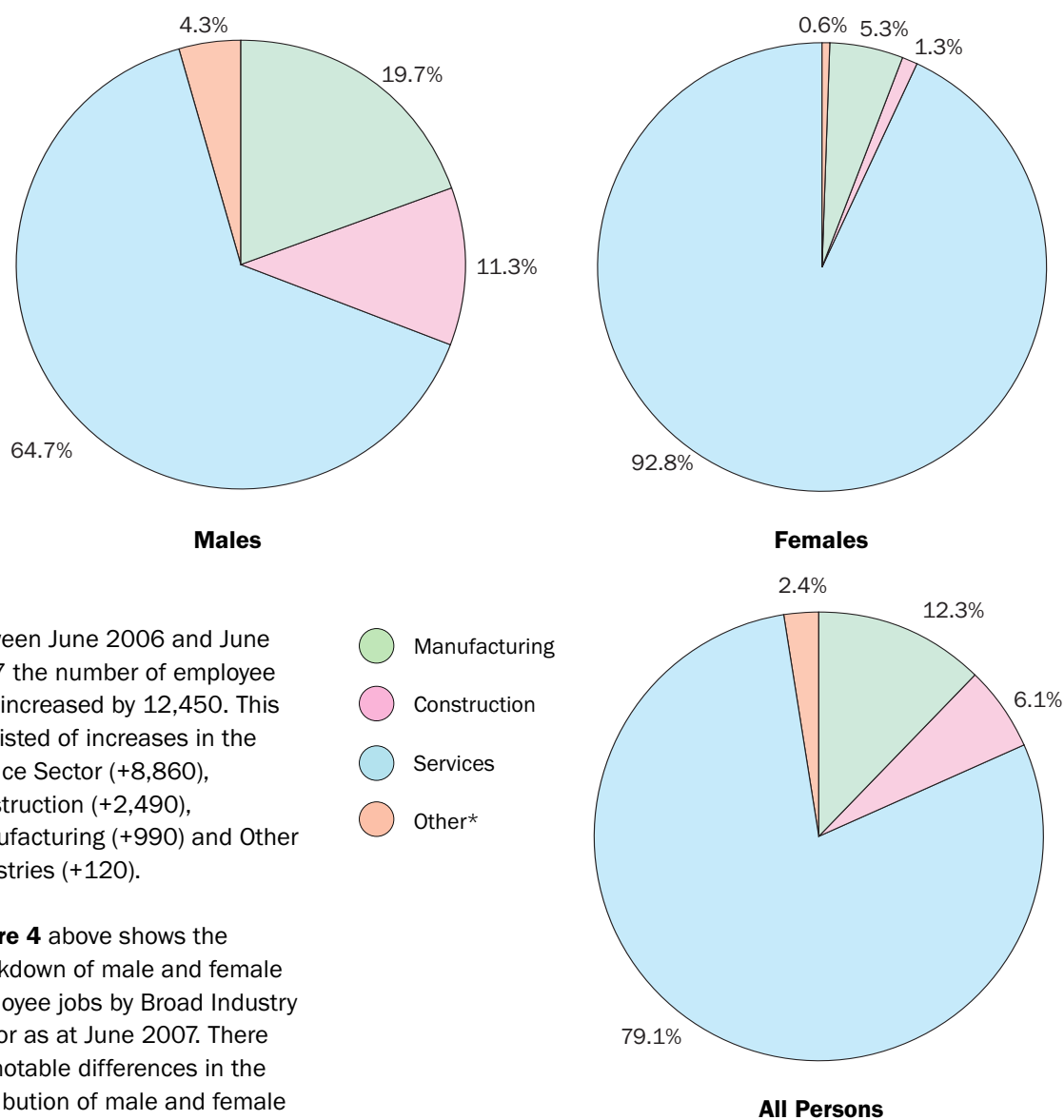
Figure 3: Annual and Quarterly Changes in Employee Jobs



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Figure 4: NI Employee Jobs by Broad Industry Sector



Between June 2006 and June 2007 the number of employee jobs increased by 12,450. This consisted of increases in the Service Sector (+8,860), Construction (+2,490), Manufacturing (+990) and Other Industries (+120).

Figure 4 above shows the breakdown of male and female employee jobs by Broad Industry Sector as at June 2007. There are notable differences in the distribution of male and female employees across the broad sectors. Whilst some 64.7% of male employee jobs are in the Service Sector, males are still well represented in Manufacturing (19.7%) and Construction (11.3%). Female employee jobs however are more concentrated in the Service Sector (92.8%), with only 5.3% involved in Manufacturing and 1.3% in Construction.

* Other industries includes Agriculture, Hunting, Forestry & Fishing, Mining & Quarrying and Electricity, Gas & Water Supply.

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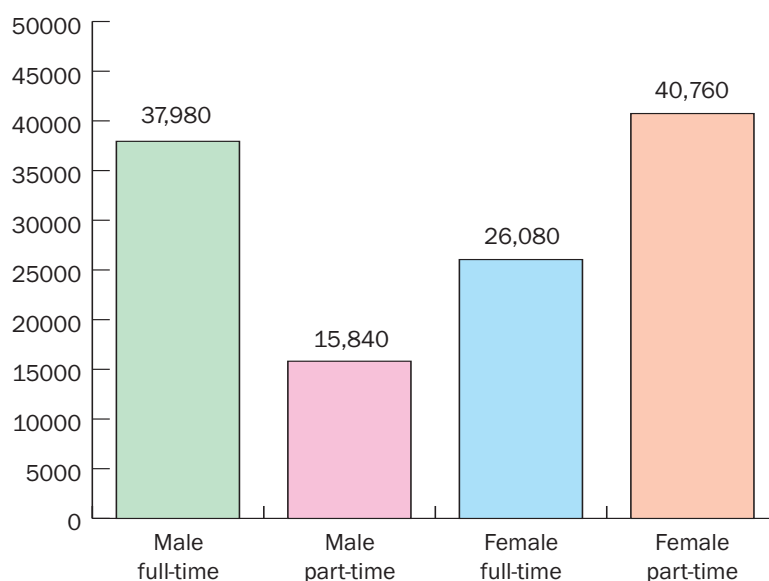
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Figure 5 shows the rise in employee jobs between June 1997 and June 2007 for male and female, full-time and part-time jobs. The largest increase occurred in female part-time jobs, with an increase of 40,760. The second largest rise occurred in male full-time jobs (37,980).

Unemployment

The unemployed, as defined by the International Labour Organisation (ILO), are those who are without a job, available to start work within the next fortnight and have actively looked for work at some time in the previous four weeks. In the period April-June 2007 there were 29,000 persons unemployed in NI, 3.6% of the total labour force. **Figure 6** shows that unemployment rates have been on a downward trend for a number of years. The unemployment rate for males is now only slightly higher than that

Figure 5: Change in NI Employee Jobs, June 1997 – June 2007



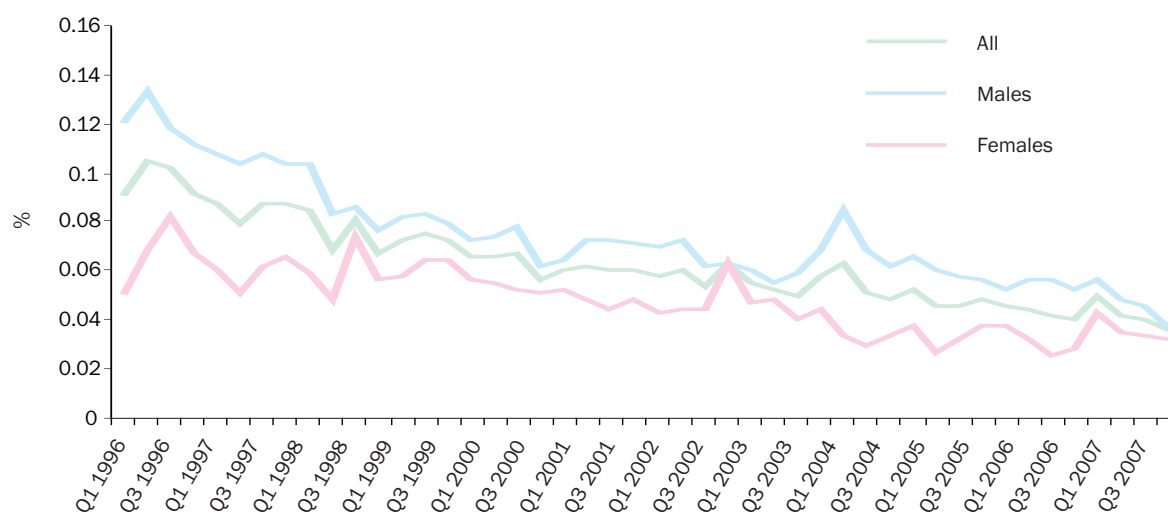
for females with this differential narrowing over time.

Duration of Unemployment

In the period April-June 2007, 12,000 (43%) of the

unemployed had been out of work and seeking employment for one year or more. Over half (54%) of unemployed males had been unemployed for one year or more. In contrast, almost three quarters (72%) of women had been unemployed for less than one year. **(Figure 7)**

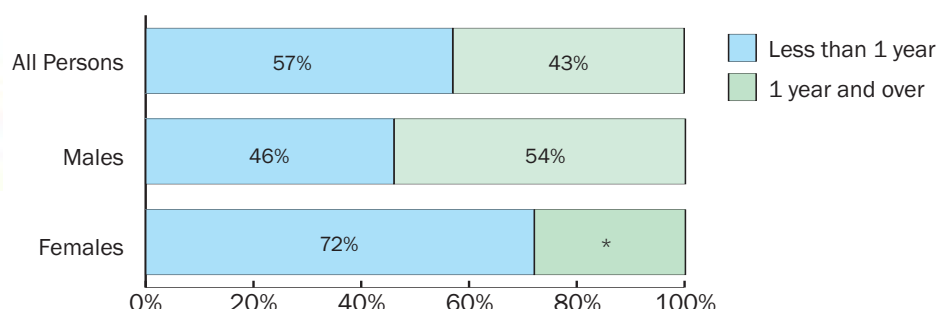
Figure 6: Unemployment Rates



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Figure 7: Duration of Unemployment



* Too small for a reliable estimate.

Excludes those who did not state the length of time they had been unemployed.

Claimant Count Unemployment

The seasonally adjusted claimant count rate as a percentage of the workforce for NI in July 2007, 2.7%, was the lowest seen since the seasonally adjusted series began in January 1971. The claimant count rate for NI has been consistently higher than the UK rate throughout the past ten years while maintaining a similar pattern to that of the UK. However the gap between the

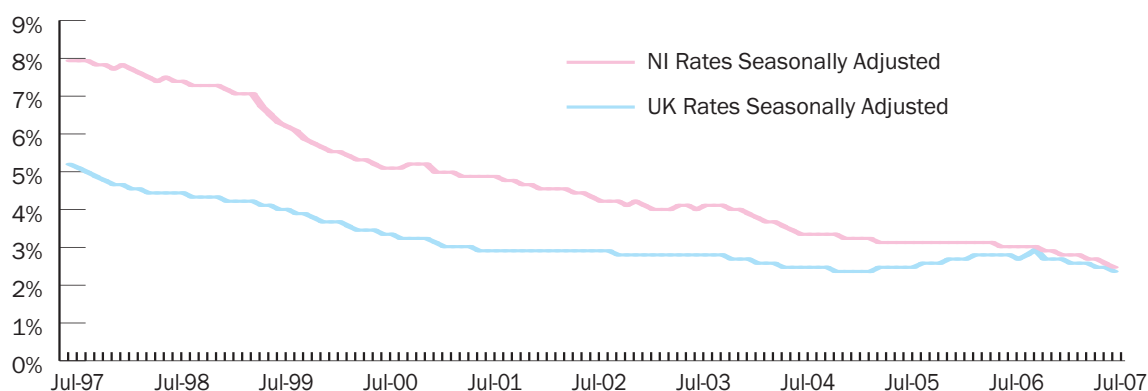
UK rate and the NI rate has narrowed considerably in the last ten years and is currently (July 2007) at its lowest, 0.1 percentage point. The greatest differential between NI and the UK in this period was seen in November 1997 and January 1998 when the difference was 2.9 percentage points. **(Figure 8)**

Subregional analysis

An analysis at Travel-To-Work-Area (TTWA) level shows that claimant

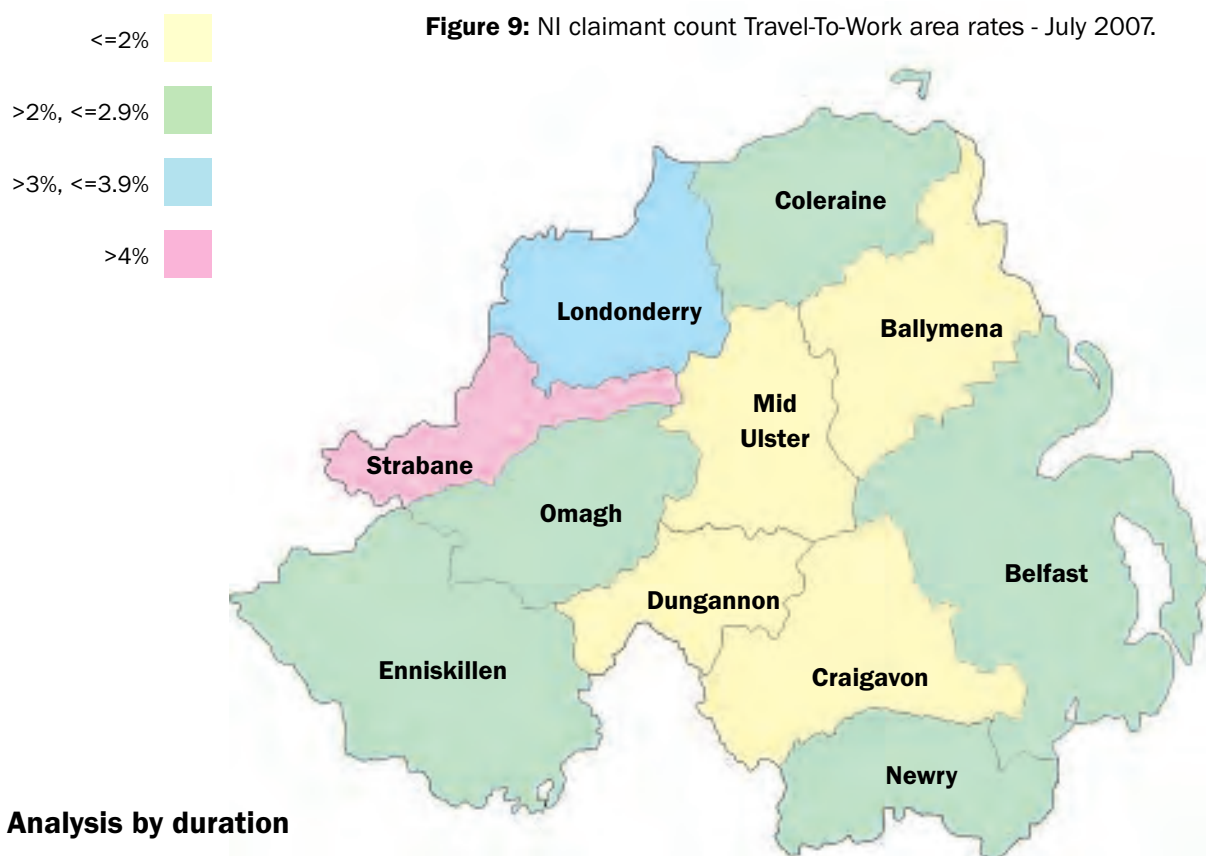
count rates as a percentage of working age population were generally highest in the north west of the region and lower in the centre of NI. The highest rate was 4.1% in Strabane, and the lowest in Mid-Ulster at 1.3%. The rate for Belfast TTWA (2.3%) which comprises about one half of the working age population in NI, was the same as for NI as a whole. **(Figure 9)**

Figure 8: Seasonally adjusted claimant count rates for NI and the UK, July 1997 to July 2007.



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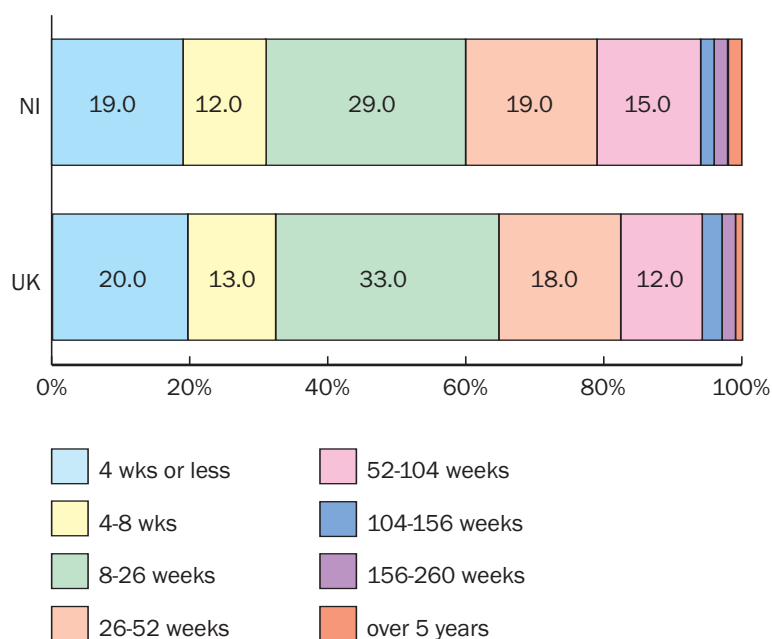
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Analysis by duration

In July 2007, the structure of long-term claimants in NI was slightly different from that of the UK. There were two marked differences. In NI 79.4% of claimants were short-term unemployed (claiming unemployment-related benefits for less than one year) compared to 83.3% in the UK. NI had a higher proportion of claimants who had been claiming for over five years than the UK, 1.7% and 0.9% respectively. **(Figure 10)**

Figure 10: Proportion of claimants by duration; July 2007



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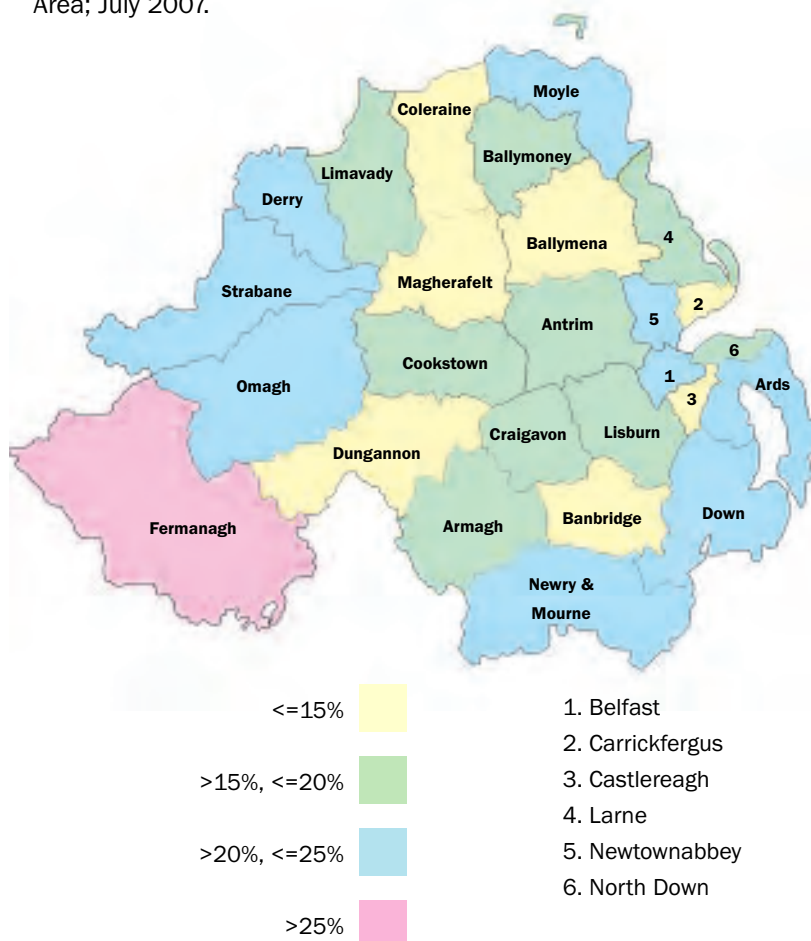


The highest concentration of long term claimants (those individuals who have been claiming unemployment related benefits for over a year) mainly occurred in the eastern and western parts of NI. Specifically, 31.0% of claimants in Fermanagh, were long-term claimants at July 2007. The next highest was Belfast with 23.8% of claimants and Ards with 23.6% of claimants. Magherafelt, Carrickfergus and Coleraine had the lowest incidence of long term unemployment with 9.3%, 13.2% and 13.4% respectively claiming for one year or more. Of the 26 district councils, 16 had less than 20% long term unemployed, compared to 17 one year previously in July 2006 (**Figure 11**).

Ward Claimant Count Rates¹

In March 2004, data for the new Census Area Statistics (CAS) wards were made available for all current Jobseeker's Allowance claimant datasets. CAS wards are geographically compatible with the 2001 Census of Population; however users of the 2003 ward data should note that official totals, e.g. for District Council Areas (DCAs), continue to be based on the 1984 wards and may therefore disagree with figures built up from the 2003 wards. No back series is available for the 2003 wards.

Figure 11: Concentration of long-term claimants by District Council Area; July 2007.



In June 2004, new claimant count proportions for 2003 CAS wards were first published. These figures express the claimant count as a proportion of the mid-2001 resident working-age (females 16-59, males 16-64) population in the ward. Figures are available from February 2004 onwards.

Updated mid-year population estimates are not available for CAS Wards. Estimates of the working-age population were

produced based on 2001 Census data at CAS ward level, which were adjusted to 2001 official mid-year population estimates at District Council Area.

Claimant Count data at ward level is available via the Department of Enterprise, Trade and Investment's website www.statistics.detini.gov.uk and the NOMIS website www.nomisweb.co.uk.

¹ Last Year's Bulletin contained information on the Jobs Density Indicator – a measure of the relative concentration of employment at the sub-regional level. These data have not been updated since 2005 and have been omitted from this issue of the Bulletin.

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Table 3: The Ten Wards In NI with the Highest Proportion of Claimants in July 2007

Ward	District Council Area (DCA)	Number of Claimants			% Of Working Age		
		Male	Female	Total	Male	Female	Total
Strand	Derry	219	50	269	16.6	4.0	10.5
East	Strabane	89	28	117	13.8	4.9	9.6
The Diamond	Derry	114	30	144	14.5	4.2	9.5
Shankill	Belfast	147	44	191	14.4	4.2	9.3
Bushmills	Moyle	25	16	41	11.3	7.3	9.3
Rosemount	Derry	119	26	145	13.6	3.1	8.4
Falls	Belfast	185	47	232	14.2	3.2	8.3
Upper Springfield	Belfast	212	60	272	13.5	3.4	8.1
Creggan South	Derry	89	19	108	13.6	2.6	7.8
Clonard	Belfast	157	30	187	12.7	2.3	7.3

The highest CAS (**Table 3**) ward claimant count rates occurred mainly in Derry, Strabane, and Belfast DCAs. This is not surprising, as Derry, Strabane and Belfast had the highest DCA claimant count rates in July 2007. In these wards the claimant count rates for males were several times the rates for females. In the worst ward (Strand) around 1 in 6 males of working age were claimants compared with 1 in 37 males in NI as a whole.

The lowest CAS (**Table 4**) ward claimant count rates occurred mainly in Castlereagh and Lisburn DCAs. Even in the three wards with the highest rates (0.5%) of these ten wards, 1 in 200 persons of working age were claiming. In all ten wards male and female claimant rates were closer than in the previous wards with the highest overall rates.

Rural – Urban Comparisons

Here, rural areas were defined as all parts of NI outside the Belfast Metropolitan Area, the city of Derry/Londonderry and towns with populations greater than 5,000 people.

Of the 582 CAS wards in NI, 266 are defined as rural and the remaining 316 are defined as urban. At July 2007, the rural CAS wards had an average

Table 4: The Ten Wards In NI with the Lowest Proportion of Claimants in July 2007

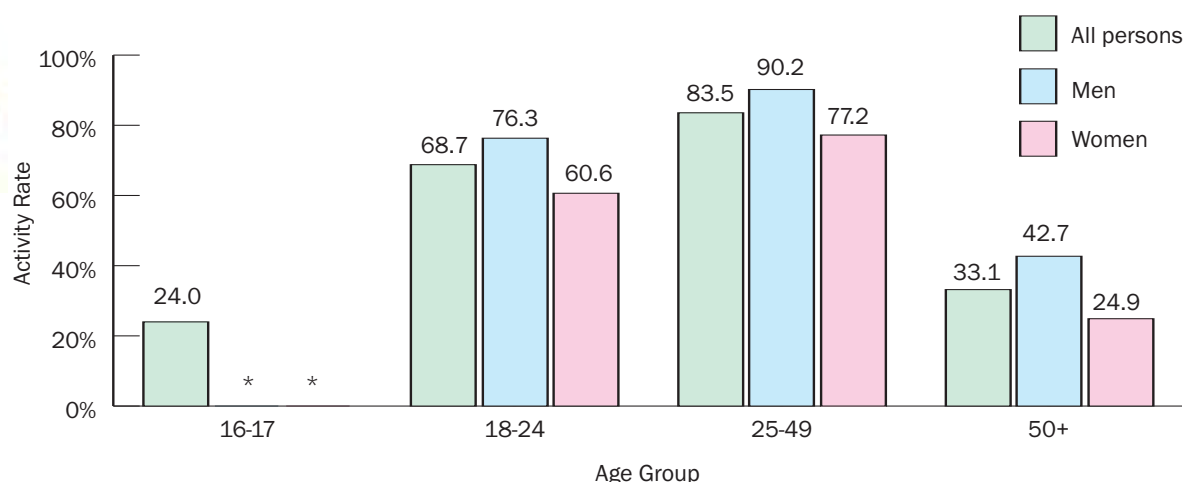
Ward	District Council Area (DCA)	Number of Claimants			% Of Working Age		
		Male	Female	Total	Male	Female	Total
Wallace Park	Lisburn	5	#	7	0.3	#	0.2
Cairnshill	Castlereagh	6	#	8	0.5	#	0.3
Moneyreagh	Castlereagh	5	3	8	0.4	0.3	0.3
Ballymaguigan	Magherafelt	#	#	4	#	#	0.3
Cultra	North Down	4	#	5	0.5	#	0.3
Gilnahirk	Castlereagh	4	#	5	0.6	#	0.4
Ballymacbrennan	Lisburn	3	5	8	0.3	0.5	0.4
Glenwhirry	Ballymena	5	3	8	0.6	0.4	0.5
Dundonald	Castlereagh	6	3	9	0.6	0.3	0.5
Knockbracken	Castlereagh	6	4	10	0.6	0.4	0.5

Figures are suppressed as value is 1 or 2.

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Figure 12: Economic Activity Rates by Age



* Estimated numbers too small for a reliable estimate of activity rates

claimant count rate of 1.7%², while the 316 urban CAS wards had a claimant count rate of 2.7%. This compares with an overall claimant count rate of 2.3% for NI. Nine of the ten wards listed earlier with the highest proportion of claimants are classified as urban wards.

The differential of 1.0 percentage points between urban and rural wards was similar to July 2006 (1.1pps) and July 2005 (0.9pps).

Economic Activity

The economically active (ILO employed + unemployed) are those participating in the labour market either by working or looking for work. Economic activity rates express the number economically active as a percentage of the population aged 16 and over. In the period April-June 2007, there were

807,000 economically active people in NI – an overall activity rate of 59.7%.

Activity rates

Figure 12 shows how economic activity rates are relatively low during the ages associated with full-time education, rise during the 'prime' working years (18-49 years of age) and begin to drop again near retirement age. For women this trend is slightly more muted, largely because many females of working age have family commitments which make it difficult for them to actively participate in the labour market.

Qualification Levels

Figure 13 shows the qualification levels of the working age population at April-June 2007, with separate estimates for the economically

active and inactive populations. Overall 17% of the working age population were qualified to at least 'degree' level, while 22% had no formal qualifications. However, there were stark differences in these figures for the economically active and inactive populations. While 21% of the economically active population held a degree or equivalent qualification, the figure for the inactive population was much lower at 7%. Likewise, while 15% of the economically active population had no formal qualifications, the equivalent figure for the inactive population was much higher at 39%.

Economic Inactivity

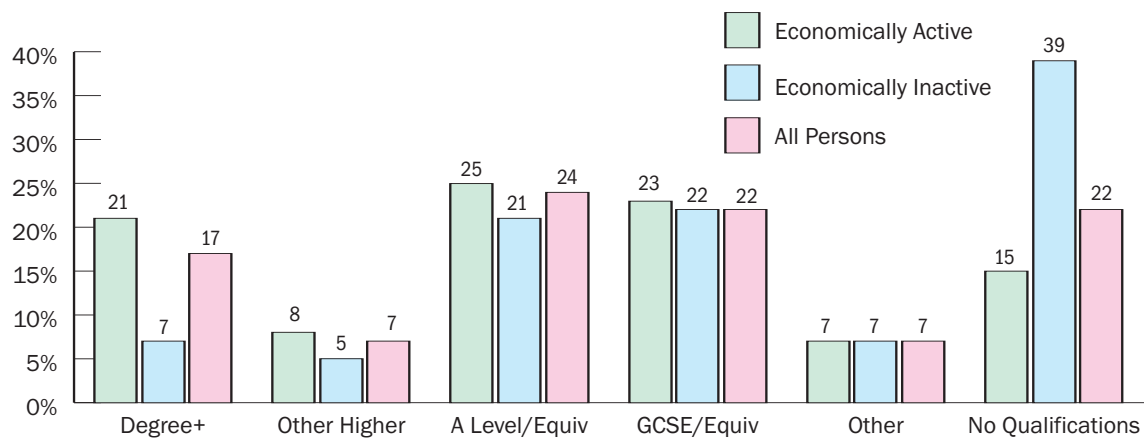
People aged 16 and over who are not in employment and are not unemployed according to the ILO definition are classified as economically inactive. In the period April-June 2007 there

² The average claimant count rate for rural CAS wards was calculated by expressing the summation of all claimants in rural CAS wards as a percentage of the summation of the working age in all rural CAS wards. The same procedure was applied to calculate the urban CAS ward claimant count rate.

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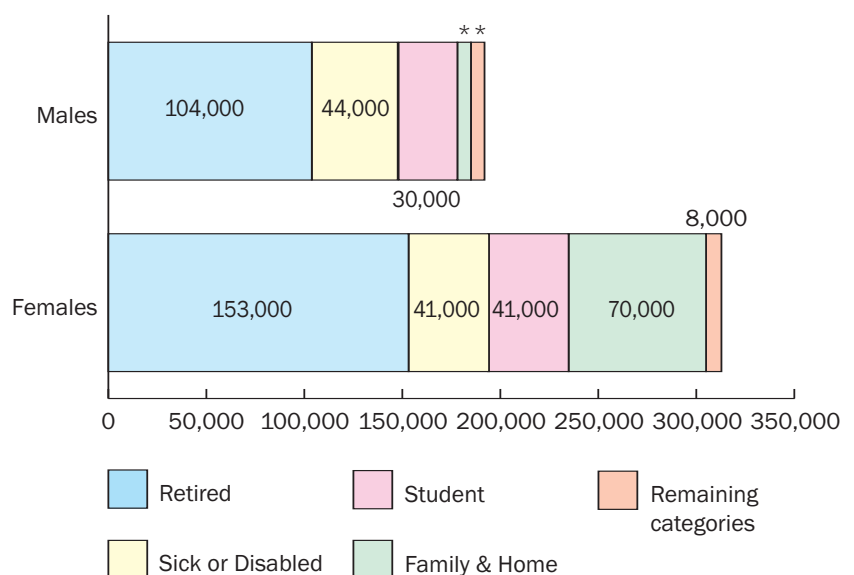
Figure 13: Qualification Levels of the Working Age Population by Labour Market status



were 546,000 economically inactive persons in NI – an increase of 17,000 from one year earlier.

The economically inactive can be divided into two main groups; those who do not want a job (91%) and those who do want a job but fail to satisfy the ILO unemployment requirement for active job-search (9%). A breakdown of the former category is shown at **Figure 14**. Overall, the main reason for not wanting work was retirement; 56% of men and 49% of women who did not want a job were retired. The other reasons for not wanting work varied according to the gender of the respondent, with men more likely to cite sickness/disability (23%) as their reason and women family/home commitments. Indeed, 22% of women gave 'looking after family home' as their reason.

Figure 14: Reason for not Wanting Work



* Remaining categories too small for a reliable estimate.

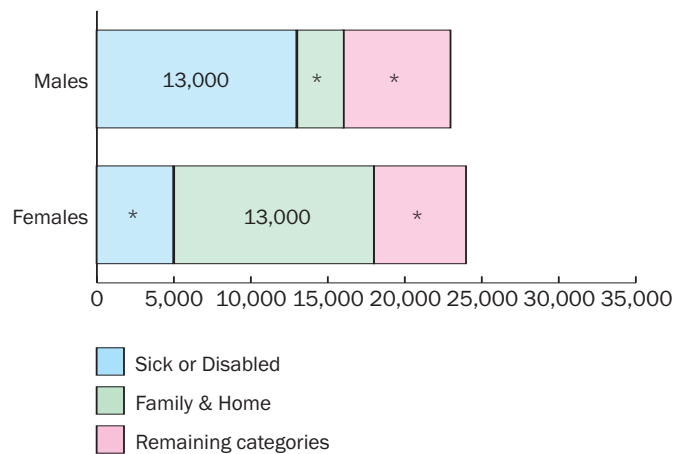
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At April-June 2007 (**Figure 15**) there were 47,000 economically inactive who did want a job, but for a variety of reasons were not actively seeking work. Just over half (52%) of this group are women and the main reason given for their inactivity was family commitments (54%). In contrast, for males the main reason for economic inactivity was sickness or disability (56%).

Figure 15: Wanting a Job, reason for not looking for work



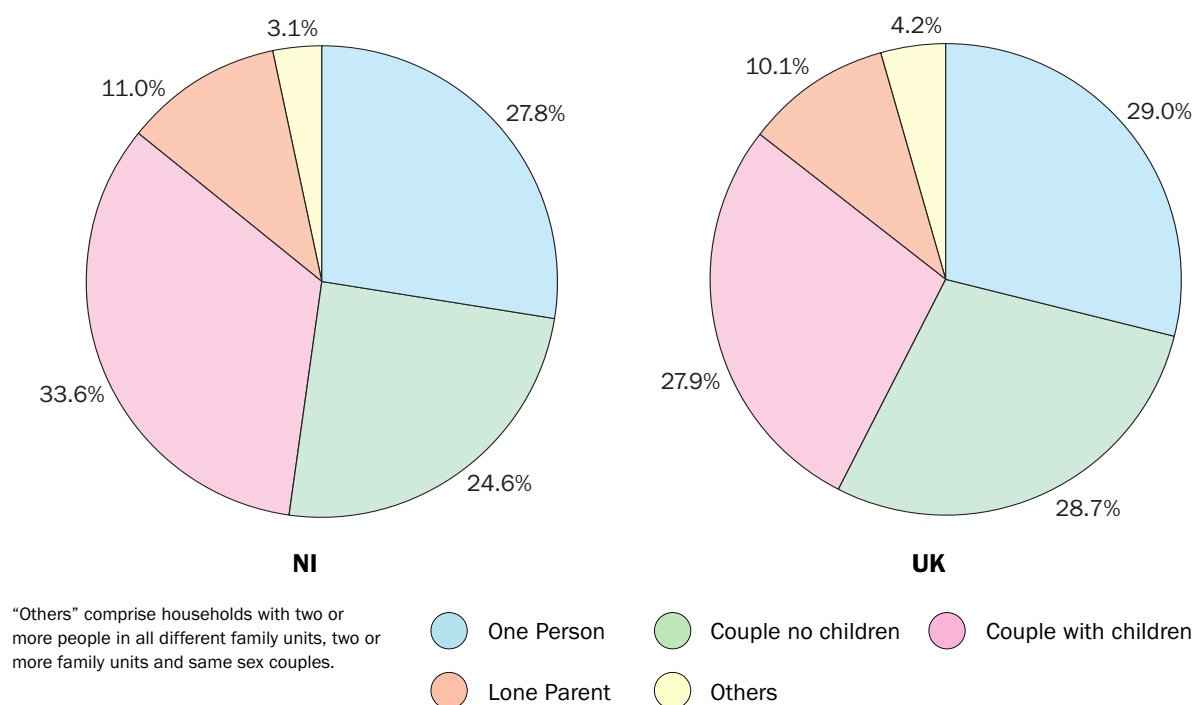
Households

Separate datasets specifically designed for analyses at the household level are also available from the Labour Force Survey (LFS). At April-June 2007 there were 680,000 private households in NI. There were 1,721,000 persons living in these households, giving an average of 2.53 persons per

household. This compared with a UK average of 2.36 as a whole. Indeed, NI and London were the regions with the highest number of persons per household.

Figure 16 looks at household types according to the relationships between the persons living in them, for both NI and the UK. The most common type of household in NI

Figure 16: Household Types, NI and UK, April-June 2007



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consisted of a couple with children, which accounted for 33.6% of all households. The other two main household types were one person households (27.8%), followed by couples with no children (24.6%). Lone parents amounted to 11.0% (75,000) of all households. The main difference between the distribution of household types in NI and the UK is the higher proportion of households in NI composed of couples with children than in the UK (33.6% compared with 27.9%). This is balanced by a lower proportion of households composed of couples with no children in NI (24.6%), compared with 28.7% in the UK. There were proportionally more lone parent households in NI than in the UK (11.0% compared with 10.1%).

Table 5 shows the proportions of working age households according to the economic activity of their members. (A **working age household** is defined as a household with at

least one person of working age in it.) The most common type of household in NI was one where all persons were employed (referred to as a **workrich household**), accounting for 50% of all working age households. Note these households may contain only one person who is employed, or several persons, all of whom are employed. There is an 8 percentage point difference between the proportion of workrich working age households in NI (50%) and the UK (58%). In fact, NI has the lowest proportion of working age households of all UK regions in this category. The other two main categories of households were those containing employed and economically inactive persons (28%) and those where all persons were economically inactive (16%).

Both of these proportions were higher than the equivalent figures for the UK as a whole.

A **workless household** is defined as a household where no one is in employment and comprises types 3, 5 and 6 from **Table 5**. In April-June 2007, there were 95,000 workless working age households, or 18.2% of all working age households, in NI. This compared with 16.2% in the UK as a whole and was the fifth highest proportion among the UK regions, with London (19.6%), the North East (19.4%), Wales (19.0%) and the North West & Merseyside (18.4%) all having a higher proportion of households workless.

Note that the proportions in these household categories are affected by the number of persons in a household. Consequently the fact that NI has a larger average number of persons per household and a smaller proportion of one person households than the UK, means that there is more likely to be a combination of economic activity states within households than all persons of one activity state.



Table 5: Working age Households by Combined Economic Activity, April-June 2007

Type of Economic Activity	NI	UK
1) All Employed	50%	58%
2) Employed and Economically Inactive	28%	22%
3) All Economically Inactive	16%	13%
4) Employed and Unemployed	2%	3%
5) All Unemployed	*	2%
6) Unemployed and Economically Inactive	*	1%
7) Employed, Unemployed and Econ. Inactive	2%	1%
All households ¹ (100%)	522,000	18,349,000

¹ Excludes cases where the combined household economic activity is not known. * Too small for a reliable estimate.

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Table 6: Regional Summary (seasonally adjusted) April-June 2007

	Total aged 16 and over (000's)	Activity rate (%) 16-59/64	Unemployed (000's)	Unemployment rate (%)	LTU as % of total unemployed*	Employment rate (%) 16-59/64
North East	2,079	76.2%	81	6.5%	26.7%	71.2%
North West & Merseyside	5,474	77.2%	197	5.8%	23.0%	72.6%
Yorkshire & The Humber	4,067	77.5%	141	5.6%	25.0%	73.1%
East Midlands	3,470	79.9%	110	5.0%	23.1%	75.8%
West Midlands	4,301	78.1%	184	6.8%	27.6%	72.6%
Eastern	4,453	81.1%	133	4.6%	24.5%	77.2%
London	6,141	75.4%	300	7.5%	30.1%	69.7%
South East	6,530	82.1%	181	4.2%	21.7%	78.6%
South West	4,117	81.4%	104	4.0%	10.5%	78.0%
Wales	2,387	76.6%	79	5.5%	21.3%	72.3%
Scotland	4,141	80.9%	120	4.5%	22.0%	77.2%
NI	1,344	73.3%	30	3.7%	43.4%	70.5%
United Kingdom	48,502	78.8%	1,654	5.4%	24.5%	74.4%

LTU = Long-term unemployed (1 year or more). * Not seasonally adjusted.

Regional and International Comparisons

One of the strengths of the Labour Force Survey is the availability of comparable socio-economic data for other UK regions and European Union (EU) member states. **Table 6** provides a Labour market profile of each region of the UK at April-June 2007.

This shows that the NI economic activity rate for those of working age (73.3%) is lower than any of the other UK regions. The unemployment rate in NI (3.7%) is the lowest of the UK regions, with the highest rate (7.5%) occurring in London. It is perhaps more significant to note that long-term unemployment (lasting 1 year or more) is much worse in NI than in any other region of the UK.

Labour Market Statistics: 2007 Update

Statistics Research Branch, Department of Enterprise, Trade and Investment

Figure 17: International Unemployment Rates (seasonally adjusted)

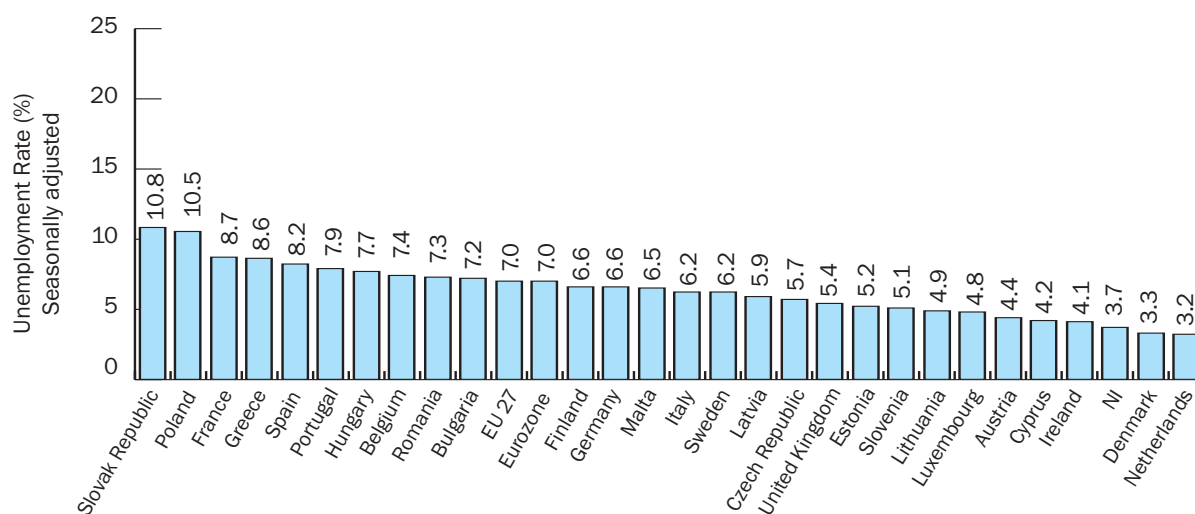


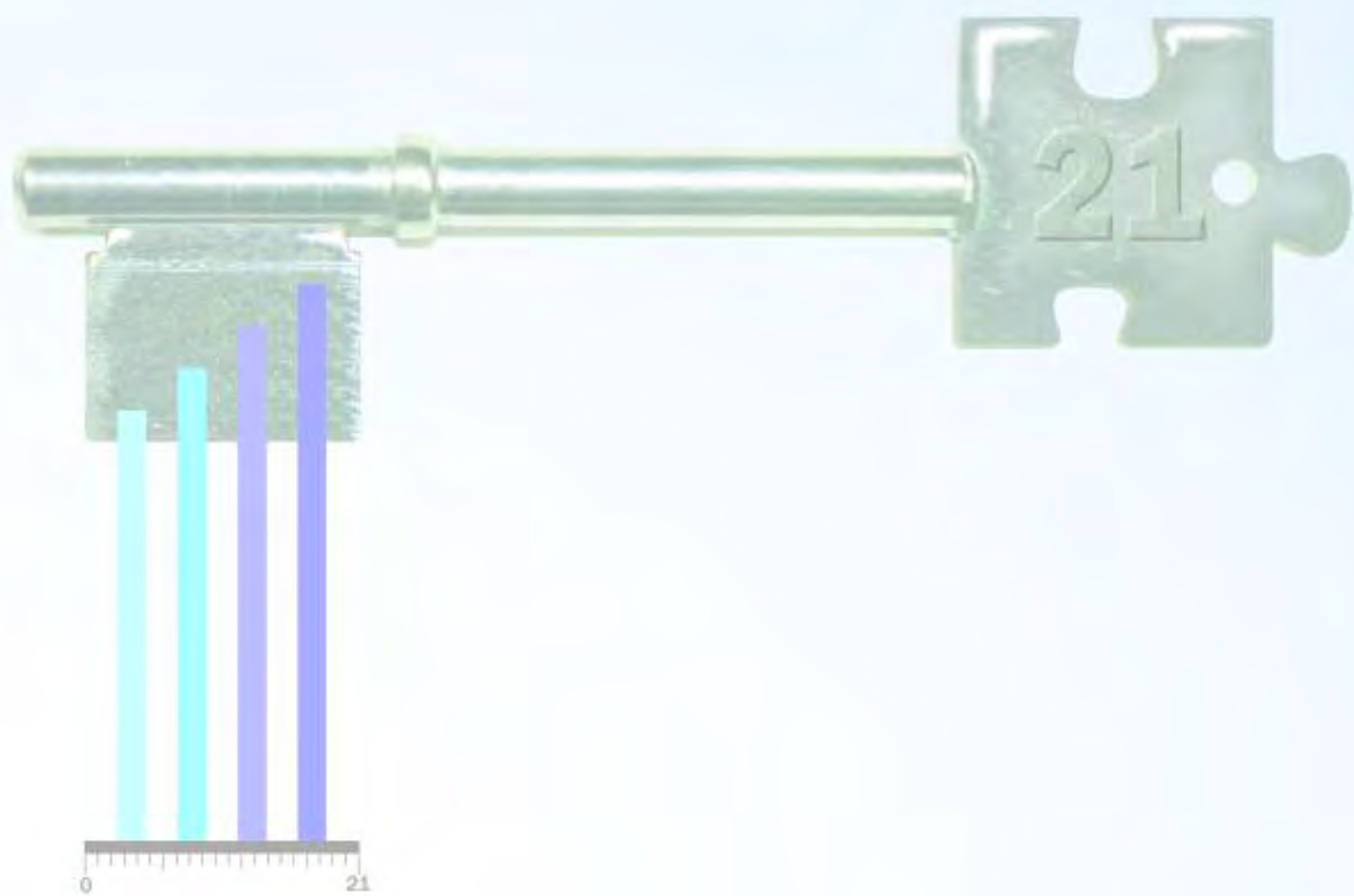
Figure 17 shows how the unemployment rate in NI compares to others in the European Union and beyond. The NI rate (3.7%) is 3.3 percentage points lower than the European Union 27 average (7.0%). It is also 0.4 percentage points below the current rate in the Republic of Ireland (4.1%).

FURTHER INFORMATION

More detailed labour market analyses are published in the monthly report "Labour Market Report". This can be obtained (free of charge) by;

Writing to Statistics Research Branch, Room 110,
Netherleigh, Massey Avenue,
BELFAST BT4 2JP

Telephoning (028) 9052 9475
Fax (028) 9052 9459
Textphone (028) 9052 9304
Visiting the web site www.statistics.detini.gov.uk



The Leitch Review of Skills – A Northern Ireland Perspective

Tim Devine, Skills and Industry Division, Department for Employment and Learning

In December 2006 the UK Government published the final report of the Leitch Review of Skills. This report identified considerable challenges for the UK which lags behind our key competitors in terms of skills levels, and outlined what needs to be achieved to ensure that UK becomes more competitive.

In NI the Skills Strategy “Success through Skills” had already set us along the broad trajectory set out by Leitch. This article considers how we might best respond to the broad Leitch within the context of the Skills Strategy.

Background

The Leitch Review of Skills was commissioned by the UK Government to report on how the UK should meet the skills challenge over the short to medium term in the context of increasing skills demands in the UK and elsewhere, and taking into account the UK’s position on skills vis-à-vis the rest of the world. The Review, which sets out the scale of the challenge facing the UK, was published in December 2006¹. Much of the analysis in the Review was at a national (UK) level and many of the report’s recommendations and aspirations were also for the UK as a whole. However some of the Review’s specific recommendations relate only to England and those areas will not read across directly into a NI context: moreover, the areas of activity covered by Leitch – skills and employment – are those to which policy is a devolved matter and thus require local decision making. Government in NI, along with those of the other devolved administrations, has reflected on the Review and its implications for each jurisdiction. This article provides an update on the current NI position with regard to Leitch, and especially as Leitch issues relate to the Skills Strategy for NI, “Success through Skills”².

The Thrust of Leitch – the need to Upskill the UK Workforce

The Leitch Review was commissioned to identify the

UK’s optimal skills mix for the year 2020; to maximise economic growth, productivity and social inclusion; and to consider the policy implications of achieving the level of change required. The general premise behind the thinking of the Leitch Review was summed up succinctly by Lord Leitch in his Foreword: “skills matter for the economic and social health of the country. Despite some strengths, the UK’s skills are not currently world class, with many weaknesses including literacy and numeracy problems; we lag behind our competitors in many crucial aspects – and they are also improving fast; and on existing plans, there will be no improvement in our comparative position by 2020”³.

The Leitch response to this was to call for radical change coupled with clear ambitions, highlighting five principles which will underpin delivery of these ambitions:

- **A shared responsibility** between employers, individuals and Government is essential. Government alone cannot deliver the skills agenda: instead employers, individuals, and Government must increase action and investment. Employers and individuals should contribute most where they derive the greatest private returns. Government investment must focus on market failures, ensuring a basic platform of skills for all, targeting help where it is needed most.



1 “Prosperity for all in the global economy – world class skills” Final Report (December 2006) of the Leitch Review of Skills.
www.hm-treasury.gov.uk/independent_reviews/leitch_review/review_leitch_index.cfm
2 Information about “Success through Skills” can be found on the DEL website at
www.delni.gov.uk/index/successthroughskills.htm
3 Leitch Review, pp 1-2

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- There needs to be a focus on **economically valuable skills**: skills development must provide real returns for individuals, employers and society. Wherever possible, skills should be portable to deliver mobility in the labour market for individuals and employers.

- We need to create a **demand-led** skills system to meet the needs of individuals and employers. In particular vocational (professional and technical) skills must be demand-led rather than centrally planned.

- We have to develop an ability to **adapt**: no one can predict accurately future demand for particular skills types. Any framework must be adaptable and responsive to future markets needs.

- There is a need to **build on existing structures**. It is not necessary to continually develop new processes and structures. Instead the performance of current structures need to be improved through simplification and rationalisation, stronger performance management and clearer remits. Continuity is important.

UK Targets and Actions

Leitch sets out a series of targets for the UK as a whole. The report considers that meeting these targets will be

essential if the UK is to maintain its competitive advantage given increasing global challenges. Key targets at a UK level include:

- 95% of adults⁴ to achieve functional literacy and numeracy, up from 85% and 79% respectively in 2005. This means 700,000 basic skills attainment per year compared to 110,000 in 2005.
- 90% of adults to be qualified to at least Level 2, up from 69% in 2005.
- Shifting the balance of intermediate skills from Level 2 to Level 3.
- Accelerating the increase of people with high skills – Level 4 and above – from 29% of the adult population to 40%.

The Review recommended a number of ways in which services could be revised to ensure that provision is sufficient and properly directed to enable the targets to be met. Some of these relate to funding, including the shift to a focus on economically valuable skills as mentioned above, with skills provision to be demand-led. Other recommendations included strengthening the voice of employers by creating a new Commission for Employment and Skills accountable to central government and the devolved administrations; a parallel strengthening of the role of SSCs; a revised routing of government funding through

Train to Gain and Individual Accounts; the development of a new universal careers and guidance service; and the creation of a new integrated employment and skills service serving local areas in England.

England has accepted the recommendations of the Review in total and published its implementation plan in July 2007. Scotland published its skills strategy, *Skills for Scotland* in September, and Wales has published a draft skills strategy for consultation in January 2008. Neither administration intends to formally respond to the Leitch Review and NI is in a similar position having as it does its own Skills Strategy. However, the planned review of the NI Skills Strategy later this year offers an opportunity to address the new wider global environment, the UK and island of Ireland context and the Leitch Review within the new devolved nature of decision making in NI.

The Current Position in Ireland

At the same time as Leitch has been working to outline the UK's skill needs, and NI has produced the Skills Strategy for NI, similar considerations have been progressing in the Republic of Ireland. Ireland has experienced 15 years of successful economic development with rising employment and falling unemployment. This has been achieved on the back of a marked expansion of the labour force, which has occurred partly

4 Leitch defines adults as those aged 19-59/64. Thus some figures may differ from those normally quoted for the working age adult population, which is usually taken to be 16-59/64, the upper limits of both reflecting the current pension ages of women (60) and men (65)

respectively. It should be noted that over the period covered by the Leitch report, the pension age of women will shift up incrementally to 65 in the period 2010-2020

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through significant reductions in unemployment; and partly through reversing Ireland's historical tendency towards out-migration, which has been replaced by substantial immigration, both of non-nationals but also of returning Irish people.

However there is a consensus growing in Ireland that to build on the last decade and a half, there is a need to upskill the workforce. The direction of travel articulated in Ireland's Skills Strategy is similar to that articulated by Leitch and also to that of *Success through Skills*, although the details differ: that is, the need to upskill those in the workforce; and to ensure that those entering the workforce have the requisite skills to compete and contribute, not just now but for the future. In particular, the Irish skills strategy⁵ "seeks to identify the skills required for Ireland to become a competitive, innovation-driven, knowledge-based, participative and inclusive economy by 2020". In addition the skills issue has been underlined as a strategic national priority, particularly in relation to the poorly qualified⁶.

There is ongoing activity across the Island of Ireland on the shared skills agenda with DEL and FÁS (Foras Áiseanna Saothair - Ireland's Training and Employment Authority) meeting regularly, sharing information and best practice and undertaking, where appropriate, joint work. The review of the NI Skills Strategy will offer an

opportunity to build on this work.

The Current Position in NI

In 2004, the Department for Employment and Learning began the process of updating its Skills Strategy to ensure that it was relevant to the changing labour market – in NI and in the wider world – and to reflect the new direction reflected in the Executive's *Programme for Government*⁷ which sets out the longer-term objectives for the economy, including the importance of higher value-added jobs; enhancements to productivity and competitiveness; increasing skill levels; and improving participation in education and training. Also, as getting people into jobs is one of the best ways of assisting those at most disadvantage, helping people attain appropriate skills so that they can enter the workforce and compete effectively in the labour market is an essential plank of the Executive's strategies to help those at most disadvantage.

Despite strongly growing employment and evidence of rising skills levels in the workforce, NI faces a number of challenges including a decline in "traditional" jobs (eg many of those in manufacturing); there is also the realisation that future job growth will lie chiefly in high skills areas; and coupled with this there exists a significant pool of working age people with poor skills. As a consequence, the vision of *Success through Skills*⁸ sees NI moving by the

year 2015 to become an economy that is highly competitive in global terms, based increasingly on high value-added jobs underpinned by progressive leadership from a cadre of skilled local managers. This will require the fostering of an entrepreneurial and innovative culture so that exports and inward investment will be increased. There will be a need for an increasingly literate, numerate, and more highly skilled, workforce which will underpin a sustainable growth in employment.

In order to help people in NI to progress up the skills ladder it will be necessary to lift the skills levels of the whole workforce; to raise productivity and improve competitiveness; and finally to enhance the employability of those currently excluded from the labour market. In doing this it helps to think of three groups which the Strategy aims to impinge on:

- Those **entering the workforce**, to ensure that they have the appropriate skills to be able to compete in the labour market and to enhance the workforce when they join it;
- Those already **in the workforce** to help them upskill or re-skill where appropriate; and
- Those **furthest away from the workforce**, such as many of those who are economically inactive and who have been out of work



5 "Tomorrow's Skills: Towards a National Skills Strategy" (2006) Expert Group on Future Skills Needs www.skillsstrategy.ie

6 Towards 2016 - Ten Year Framework Social Partnership Agreement 2006-2015. Department of the Taoiseach www.taoiseach.gov.ie/attached_files/Pdf%20files/Towards2016PartnershipAgreement.pdf

7 Available on-line at www.pfgetni.gov.uk

8 Relevant documents on the NI Skills Strategy can be accessed through the web link detailed on Pg. 35. (footnote 2)

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for a long time – or perhaps who have never worked.

In May 2007 a Progress Report⁹ was published which provided an overview of the work done to date on implementing the skills strategy.

Whilst a full statistical overview of our current position will be outlined as part of the planned review of the Strategy in 2008, PSA figures highlight the fact that that we have not managed to achieve all of the interim 2007 targets set in the Skills Strategy for NI. **Table 1** outlines the current position against what we had hoped to achieve.

Key Leitch Target – Essential Skills

The number of people gaining qualifications in Essential Skills is higher than our interim 2007 target with over 22,280 recognised Essential Skills qualifications having been awarded. It will be recalled from earlier that in 2005, 85% of the

UK adult population were above the lowest literacy level and the corresponding figure for numeracy was 79%, with a 2020 target of 95% for both. However, it is difficult to assess where NI currently is in terms of a comparison with the Leitch target as directly comparable data are not available, as Leitch used an English data source (subsequently extrapolated to derive a UK figure which is not duplicated here).

However, the NI position is likely to lag behind that of UK as a whole as it was the worst region in the Adult Literacy Survey (IALS) in the mid-1990s; and it currently has higher proportions of the population with no qualifications – a group with generally poor literacy levels.

Key Leitch Target – Levels 2 and 3

As shown in **Table 1**, our Level 2 and Level 3 attainments are lower than we would have wished for at this stage and

there is a substantial gap, as exemplified by performance at Level 2, between the most recent data on achievement (66% at level 2 or above) and the Leitch target of 90% by 2020 – not to mention the Skills Strategy target of 90% by 2015. Raising our attainment in these areas will be an important aspect of how we move the Strategy forward.

Establishment of the UK Commission for Employment and Skills

NI has been working with Scotland, Wales and England to establish the new Commission for Employment and Skills (CfES). Sir Michael Rake has been appointed as Chair, some 20 UK Commissioners have been appointed and Chris Humphries has recently taken up post as Chief Executive Officer. The three devolved administrations are (at the time of writing) in the process of appointing their National Commissioners. The CfES will be primarily

Table 1: Comparison of Skills Strategy interim Targets and PSA Achievements

Skills Strategy interim targets	PSA Achievements
By 2007 - to support the essential skills learning for 46,000 adults, of whom 18,500 will achieve a qualification.	22,280 recognised Essential Skills qualifications have been achieved up to 31 March 2007.
By 2007 - increase to 75% the proportion of adults in the workforce having a level 2 qualification.	By December 2006, 66.1% of working age people in NI were qualified at Level 2 or above.
By 2007- increase to 50% the proportion of adults in the workforce with at least a level 3 qualification.	By December 2006, 47% of the working age population in NI were qualified at Level 3 or above.

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advisory in nature but it will have an executive function in relation to the performance management and funding of the Sector Skills Councils (SSCs) and indeed their re-licensing. As part of the process to establish the CfES, the Sector Skills Development Agency and the National Employment Panel are being wound up. NI is fully involved in working through the UK-wide arrangements and will continue to support the work of the SSCs in NI. Work is ongoing in relation to any consequential local arrangements that may have to be as a result of the detailed outworking of the UK arrangements.

The Way Forward

In order to achieve our Skills Strategy 2015 targets we must continue to build on the significant work we have done to date whilst ensuring that we take cognisance of the outworkings of the Leitch Review and indeed the changing wider environment.

The Department intends to carry out a first review of *Success*

through Skills in 2008. This review will examine our strategic direction, taking account of Leitch, the new devolved administration status, the island of Ireland context, information from strategic partners e.g. Invest NI, and the outcomes from the Comprehensive Spending Review. It is likely that this will include a discussion on the sectors we wish to focus on, whether there is a need to focus increasingly on higher level skills, along with a close look at the operational delivery of the Strategy. The Appendix to this paper details the NI position to the Leitch Review in respect of key recommendations. Full details can be found on the DEL website (www.delni.gov.uk), although the full website address is not known at the time of writing.

Appendix: Key Recommendations from the Leitch Review and the NI position

The Leitch Review makes sixteen recommendations covering five themes. This section outlines these recommendations and

where appropriate, how *Success through Skills* is addressing these issues in respect of the NI economy.

Theme 1: Making the UK a World Leader in Skills

1.1 Increasing Attainments

Recommendation: The Review recommends a new ambition to achieve world class skills. Achieving world class skills will require the UK to commit to achieving by 2020:

- 95% of adults to have the basic skills of functional literacy and numeracy;
- Exceeding 90% of the adult population qualified to at least Level 2;
- Shifting the balance of intermediate skills from Level 2 to Level 3; and
- World Class high skills, with a commitment to exceed 40% of the adult population to be qualified to Level 4 or above.



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Table A1: Comparison of Leitch Targets and Skills Strategy Targets

Leitch Targets	Skills Strategy Targets
By 2020 - 95 per cent of adults to achieve the basic skills of functional literacy and numeracy, an increase from levels of 85 per cent literacy and 79 per cent numeracy in 2005.	By 2015 - to support the essential skills learning for 100,000 adults, with a milestone of 46,000 by 2007, of whom 18,500 will achieve a qualification.
By 2020 - 90 per cent of adults qualified to at least Level 2, an increase from 69 per cent in 2005.	By 2015 - increase to 80% the proportion of adults in the workforce having a level 2 qualification, with a milestone of a 75% proportion by 2007.
By 2020 shift the balance of intermediate skills from Level 2 to Level 3. Improving the esteem, quantity and quality of intermediate skills. This means 1.9 million additional Level 3 attainments over the period and boosting the number of Apprentices to 500,000 a year.	By 2015 - increase to 60% the proportion of adults in the workforce with at least a level 3 qualification with a milestone of 50% by 2007.

NI position: NI will make a contribution to these targets through continuing to implement *Success through Skills*. **Table A1** compares the targets contained within Leitch and the *Skills Strategy for NI*.

These targets are not directly comparable. The Leitch Targets relate to 2020 and define an 'adult' to mean someone aged 19 to State Pension age, whereas the NI targets relate to 2015 and define an 'adult' to be someone aged between 16 and State Pension age. In addition, Leitch sets out a target of 40% of adults qualified to Level 4 or above by 2020. We have no corresponding target in NI. It should also be noted that, unlike NI, Leitch does not use the National Qualifications Framework (NQF) to measure levels.

1.2 Delivering World Class Skills

Recommendation: The Review recommends that adults will increasingly need to update their skills in the work place.

NI position: Apprenticeships as a form of training for young people are highly valued by employers. Consequently it is proposed that NI extends this form of training to adults so that training meets the needs of employers. DEL is currently piloting an Adult Upskilling programme. This commenced in September 2006 and is being undertaken by three Training Organisations. In November 2007, there were 111 participants on the pilot. All the successful participants are assessed on entry into the programme. They are working towards achieving an NVQ Level

3 qualification as well as other relevant qualifications. If the evaluation of this programme is positive, a key consideration in the further roll out of this programme will be the availability of resources.

1.3 A New Partnership

Recommendation: The Review recommends a new partnership approach, building on the success of recent initiatives to build a more demand-led system, meeting the new challenges the UK faces through common action. In practice, this means:

- Government, investing more, focusing on the least skilled;
- employers, increasing their investment in skills to impact productivity, wherever possible increasing

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investment in portable accredited training;

- individuals, raising their aspirations and awareness; demanding more of their employers; investing more in their own skills development.

NI position: NI agrees with this balance of responsibility. At present Government covers the cost of a significant number of Level 2 and Level 3 qualifications, in line with the rest of the UK. The situation is complicated for those who leave school after GCSEs and go into full time work but wish to continue working towards a Level 3 qualification through part time study. NI's economy is primarily made up of micro businesses and Small and Medium sized Enterprises and as such, the expectation that employers and individuals can contribute a high proportion of the cost of higher level programmes may be unrealistic. How we go about encouraging employers to invest more in the training of their staff is an important issue and one that requires more investigation through existing structures.

Theme 2: A Demand Led System

2.1 Demand-led funding

Recommendation: The Review recommends that all publicly funded, adult vocational skills in England, apart from community learning, go through demand-led routes by 2010.

NI position: This recommendation applies to England only.

Recommendation: The Review recommends that a portion of higher education funding for vocational courses, currently administered through Higher Education Funding Council for England in England, be delivered through a similar demand-led mechanism as Train to Gain.

NI position: This recommendation applies to England only.

2.2 Strengthening Employer Voice

Recommendation: The Review recommends strengthening the voice of employers through the creation of a single, employer led Commission for Employment and Skills to deliver leadership and influence within a national framework of individual rights and responsibilities.

NI position: DEL has already recognised in the *Skills Strategy for NI* the need for a strengthened employer voice in the development and delivery of education and skills. Through *Success through Skills*, the Department has established six Workforce Development Forums (WDF) and a Skills Expert Group. The former are chaired by a prominent local employer and work in the same areas as the FE colleges. WDFs are charged with identifying local skills shortages and interventions. The Skills Expert Group includes membership from Invest NI and

the Department of Enterprise, Trade and Investment along with skills experts from the USA and Ireland. Its aim is to take a more long term view for NI as a whole. In addition the Sector Skills Councils represent the employers' voice at a sectoral level.

DEL has agreed to the appointment of the Chair of the new Commission for Employment and Skills. A UK wide body that focuses on the issues that relate across the 4 Nations would have significant benefits. DEL will also facilitate the engagement between the new Commission for Employment and Skills and the NI Higher Education Institutions on the development of a demand led higher level skills system in NI through the Sector Skills Agreement process. The Department has also made it a requirement that employers and employer bodies, in particular the Sector Skills Councils, must play a significant role in the development and delivery of Foundation Degrees. The implementation of *FE Means Business*¹⁰ also addresses this issue and seeks to make the FE sector more responsive to employer needs. The primary strategic focus of the FE Sector will be to support sub-regional and regional economic and workforce development.



10 FE Means Business - see www.delni.gov.uk/index/publications/pubs-further-education/fe-means-business-implementation_plan.htm

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2.3 Increasing Employer Engagement

Recommendation: The Review recommends a new, clearer remit for Sector Skills Council, focused on:

- raising employer engagement, demand and investment;
- lead role in developing/approving vocational qualifications;
- lead role in collating and communicating sectoral labour market data; and
- considering collective measures.

NI position: NI has acknowledged through *Success through Skills* that increased employer engagement is critical to the achievement of its targets in skills and is already working on this agenda. In addition, the DEL Minister is a member of the Economic Development Forum (which is unique to NI) and the Department meets with employer representative organisations such as the Confederation of Business and Industry, the Institute of Directors, the Federation of Small Businesses, and NI Chamber of Commerce.

NI agrees that there is a need to review the remit of the Sector Skills Councils (SSCs), their structures governance and funding, etc, and also to review their role in Sector Qualification Strategies, National

Occupational Standards and approving professional and technical (vocational) qualifications. NI is currently participating fully in the UK Project Board Review and Re-licensing process of the SSCs.

NI is concerned to ensure that the SSCs are given a realistic and focused role and that they are appropriately funded, and that systems are put in place to ensure consistency of delivery and that all perform to the same standards.

The Leitch Review touches on the issue of introducing a levy on employers, administered by the SSCs, where the sector is of the view that this is appropriate. This system of raising money from employers has been used to varying levels of success in NI in the past. Currently the only organisation which retains the legislative power to raise a levy from their sector in NI is the Construction Industry Training Board (CITB). Initial discussions with employers in NI suggest there would be significant opposition to the reintroduction of levies. However, if this opposition was overcome, the introduction of a UK wide levy would raise a number of difficulties, not least of which would be the complex legislative changes that would be required.

2.4 Economically Valuable Qualifications

Recommendation: The Review recommends that Sector Skills Councils continue to lead in developing National

Occupational Standards. It recommends that SSCs are also placed in charge of a simplified process of developing qualifications.

NI position: In principle NI agrees that SSCs should continue to have a key role in developing National Occupational Standards and that this should be part of their core remit. This issue should be addressed by the SSC Reform and Re-licensing Project Board and NI is a member of this Board.

Recommendation: Sector Skills Councils should be responsible for approving qualifications after their development by examining boards or lead bodies, rather than the Qualification and Curriculum Authority. SSCs will be able to approve qualifications developed by an organisation, including education institutions and employers, if these meet the required standards.

NI position: In principle we agree with the proposals for an integral SSC role in the approval of qualifications below level 4 and agree that this is an area that all stakeholders need to continue to address.

Recommendation: For vocational qualifications, only those approved by SSCs should qualify for public funding.

NI position: NI recognises that there are many factors affecting which vocational qualifications are funded by government and many stakeholders with views on

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the issue. In NI the Sector Skills Councils work closely with the awarding bodies to ensure that qualifications are more closely aligned with the needs of industry.

Theme 3: Employer Engagement in Skills

3.1 Management and Leadership

Recommendation: The Review recommends that Sector Skills Councils drive up employer investment in these skills by employers. The Review recommends that the DfES's (now the Department for Innovation, Universities and Skills) Leadership and Management programme be extended to firms with between 10 and 20 employees, so that smaller firms are able to access its help and grow.

NI position: Through the *Skills Strategy for NI*, DEL's Management and Leadership Strategy *Leading...to Success* has been developed in partnership with the Management and Leadership Network and other key stakeholders. It will address the nature and extent of DEL's direct interventions to support management and leadership in all organisations in NI. The Department's own market interventions have been revised into a number of new programmes. Management, Analysis and Planning, a new online diagnostic product, will help organisations to identify

management development needs linked to the achievement of its overall business objectives. Additional products will help to improve managerial skills levels from new entrants to Board members. These programmes are open to all employers, regardless of the size of the organisation.

3.2 Training Low-Skilled Employees

Recommendation: The Review recommends a major campaign to encourage all employers in the UK to make a skills pledge that every employee be enabled to gain basic skills and a first full Level 2 equivalent qualification.

NI position: We will consider the relevance of the Skills Pledge to companies in NI.

3.3 Investment in Higher Skills Levels

Recommendation: The Review recommends that employers drive up attainment of intermediate and high skills, including in Apprenticeships, led by SSCs and skills brokers. Recommendation: The Review recommends widening the focus of HE targets to encompass both young people and adults via workplace delivery.

NI position: NI agrees that there needs to be a step change in the numbers of people who have qualifications at Level 4. The Department is supporting the expansion of Foundation Degrees in NI. A Foundation Degree is an intermediate level

applied higher education qualification, which integrates academic and work-related learning.

In the *Skills Strategy for NI* the Department commits to working with industry, especially the Sector Skills Councils to ensure that Foundation Degrees meet significantly the needs of employers and are industry led. In particular, it is the Department's policy to support part-time participation on Foundation Degrees, particularly by those in employment.

The Department seeks to achieve increased employer engagement and investment in skills through the co-funding of work place degrees and increasing job related skills such as Foundation Degrees, advance technician and managerial qualifications.

In order to meet the challenge for higher level skills, the Department will, in co-operation with HE and employers:

- support the development of new short-cycle work based provision to meet identified high level skills needs within sectors; and
- establish within HE providers the accreditation and credit accumulation mechanisms needed to ensure continued progression.

Employers will secure the high level technical upskilling or retraining they require and employees acquire accredited



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qualifications. The universities will provide open access programmes in executive management and leadership developed with employers which are both relevant and responsive.

Theme 4: Embedding a Culture of Learning

4.1 Raising Aspirations and Awareness

Recommendation: The Review has developed fresh recommendations to raise awareness and aspiration among adults across society. At the heart of these is a new universal careers service for England, bringing together current separate sources of advice. The Review recommends that this service operate under the already successful and well-known learndirect brand.

Recommendation: The Review also recommends that all adults should be entitled to a free 'Skills Health Check', building on the success of a similar approach in Sweden, which would identify an individual's skill needs and strengths.

NI position: NI accepts that employer influence creates the demand-led approach but at the same time young people need better careers education and guidance based on sound labour market information. DEL and the Department of Education have recently published a joint impartial all-age Careers Education, Information Advice

and Guidance (CEIAG) strategy for NI. The overall aim of the strategy is to develop effective career decision makers leading to increased participation in education, training and employment. This will include:

- enabling young people to develop the skills at school to be able to make informed and realistic decisions about their education, training and employment options;
- providing young people with opportunities and experiences to develop the essential employability and life skills to develop in order to become effective citizens and employees;
- setting in place a framework to ensure people of all ages have access to good quality CEIAG so that they are able to make informed choices and achieve their potential.

Currently in NI all adults are eligible to access free Careers Education, Information Advice and Guidance. This provision is provided in conjunction with a number of partner organisations including the Education Guidance Service for Adults (EGSA) and learndirect.

4.2 Improving Choice

Recommendation: The Review recommends that all adult further education funding for individuals in England, including the current Level 2 entitlement, be channelled through Learner Accounts by 2010.

NI position: This recommendation applies to England only.

4.3 Financial Support

Recommendation: The Review recommends a new system of financial support, based on the principle of transparency and building on best practice elsewhere:

- clear and transparent financial support for those considering skills development as well as for existing learners; and
- greater use of Career Development Loans particularly for those looking to progress to intermediate level and beyond.

The Review also recommends that a Skills Development Fund (SDF) replace the Learning Support Funds.

NI position: This recommendation applies to England only.

Theme 5: Integrating Employment and Skills

Recommendation: The Review recommends a new integrated employment and skills service to help people meet the challenges of the modern labour market. The Review recommends:

- a new programme to help benefit claimants with basic skills problems.

The Leitch Review of Skills – A Northern Ireland Perspective

Tim Devine, Skills and Industry Division, Department for Employment and Learning

- a new universal adult careers service, providing labour market focused careers advice for all adults.

- a new integrated objective for employment and skills services of sustainable employment and progression.

- a network of employer-led Employment and Skills Boards to give employers a central role in recommending improvements to local services, mirroring the national role of the Commission for Employment and Skills.

NI Position: In NI, employment is a devolved matter. DEL already combines the areas of Employment and Skills into one area.

Currently in NI, within the New Deal programmes, participants are screened for possible essential skills needs, which are then addressed. In addition, Jobseeker's Allowance (JSA) customers who do not meet the normal eligibility criteria for New Deal may avail of early entry to New Deal if they have an identified essential skills need. A new, flexible menu-based approach to the delivery of training and employment provision is currently being piloted in NI. Within the pilot offices essential skills provision will mirror that available in New Deal and will be available to economically inactive customers in addition to those on JSA.

Subject to evaluation and resource availability this will be rolled out across NI.

The Department is seeking funding to allow the introduction of a new programme to identify and address the literacy and numeracy needs of benefit claimants and the economically inactive.

The provision of careers services to adults is currently under review as part of the all-age draft CEIAG Strategy. This will include issues such as the provision of Labour Market Information. The Strategy was published for consultation in October 2007. NI

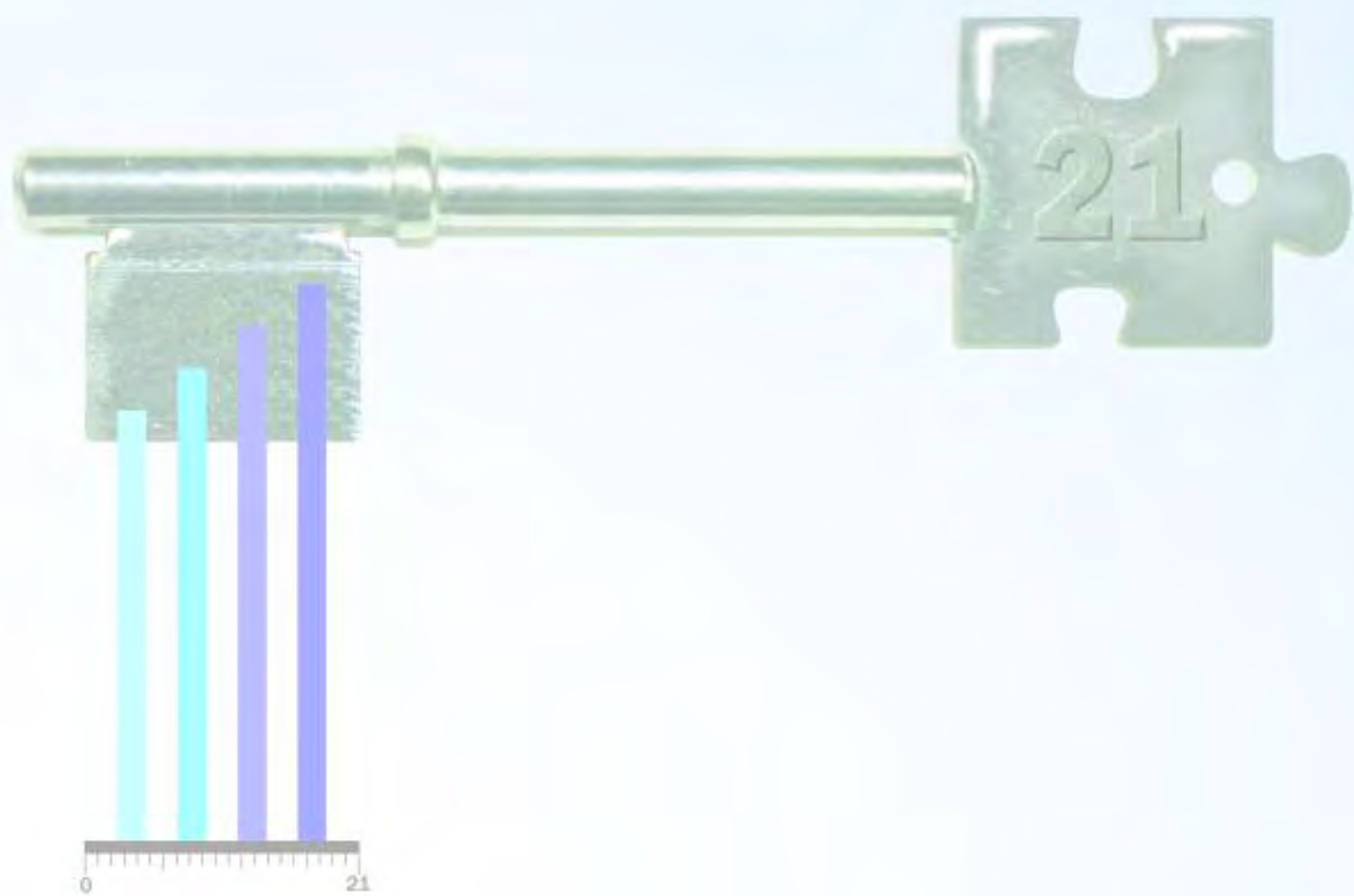
is in broad agreement with the principles being expressed and is some way down this route already with the all age careers service already established.

Also, since we are already moving down the demand led route and raising the importance of employer engagement it may be sensible for NI to use an existing body to fulfil the role of a NI Employment and Skills Board, the Chair of which would be a DEL Ministerial appointment and sit on the Commission for Employment and Skills as the NI Commissioner.

FURTHER INFORMATION

Further information and contact details can be found on the DEL website at www.delni.gov.uk/index/successthroughschools





Information is Power: Outcomes of the DEL Review of Labour Market Information

Victor Dukelow, Analytical Services, DEL

Good labour market information is an essential adjunct to the efficient operation of labour markets. This article reports on the findings of DEL's Review of Labour Market Information and points to the way forward.

In an address to the Indian Parliament, Bill Clinton, the then US President, said "in the old economy, location was everything. In the new economy, information, education and motivation are everything". Certainly economic theory is clear about the power of reliable, up to date and easily accessible information. Markets will not operate efficiently without it. Competition will be hampered and choices will be sub-optimal. The labour market is no different. Choices over which career to follow, which employer to work for, which course to study and where to locate a business will all be influenced by labour market information including wage levels, future prospects and skills requirements. The argument is that as the quality and use of this information improves, the labour market functions more efficiently. This in turn generates greater productivity, competitiveness and economic growth.

Background

In February 2006, the Department for Employment and Learning (DEL) published "Success through Skills"¹ the new NI skills strategy. It emphasised Government's desire to ensure that people are enabled to progress up a skills ladder in order to raise the skills levels of the whole workforce; to help deliver higher productivity and increased competitiveness; and to secure NI's future in a global marketplace.

The strategy recognises that achieving these ambitions will require a clear understanding of both the current and future demand for skills and that learners and education and training providers are facilitated to respond to that demand based on accurate and timely labour market information (LMI). It announced a review of LMI to determine how it could be used to understand better the demand for skills in NI and improve the planning of provision. The following reports on the outcomes of the review and on the progress that has been made in implementing the recommendations that flowed from it.

LMI Review Objectives/Terms of Reference

The LMI Review was led by DEL's Analytical Services with the following objectives:-

- to identify how LMI is used currently to influence policy, delivery and customer choices;
- to assess what better use could be made of the information already available; and
- to identify gaps in current LMI and how those might be filled.

The Review was underpinned by a comprehensive range of studies. These included an extensive consideration of what LMI is available in NI and how it is used. It looked beyond NI to



¹ www.delni.gov.uk/skills_strategy_2006.pdf

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see what can be learned from practice elsewhere. Departmental analysts examined how LMI was being developed and used in other countries of the UK and the RoI. The Washington based, National Centre on Education and the Economy (NCEE) was commissioned to examine and report on international models of best practice in the use of LMI to inform choice. This work was reinforced by detailed research into the LMI model that exists in North Carolina, a model which is regarded as world leading in many respects.

In addition to examining best practice elsewhere, pilot projects were established and evaluated to examine how LMI could be used better to inform and influence customer choice. Finally, the review team undertook extensive consultation to ensure that the focus of the review was appropriate and the recommendations coming forward were consistent with other strands of work flowing from the Success through Skills strategy.

Availability and Use of LMI in NI

A very wide range of information relating to the labour market is available in NI. It covers key areas such as: numbers in employment; unemployment; inactivity; earnings; qualifications; hours worked; redundancies and numbers in

education and training. This is augmented by an extensive and growing body of research, analysis and evaluation work which enhances understanding and promotes the use of LMI in NI. However, it found that the extent to which detailed analysis can be conducted is often constrained in NI by the relatively small sample sizes underpinning the statistics.

There is evidence of extensive good practice in the use of LMI in NI particularly in relation to its influence on shaping skills policy. However, evidence on it being used to influence the career and course choices of those in society is more limited and sporadic.

Use of LMI Elsewhere

The review found that other parts of the UK and RoI are actively considering how LMI could be used more effectively to shape choices and to deliver a more efficient labour market.

The review of global best practice has found that regions that lead the way in LMI, including a number of US states and Australia, possess the following key characteristics:

They work to ensure comprehensive data availability

- they develop a comprehensive core set of labour market data;
- they use administrative sources to get access to “near population” based LMI where possible;

- they have access to comprehensive earnings data; and
- they develop strong longitudinal data sets to underpin high quality labour market and policy analysis.

They are effective in understanding and meeting customer needs

- they develop good systems to ensure that customer needs are clearly understood;
- they engage labour market intermediaries (eg Careers Advisers and JBO/Jobcentre staff) to ensure they promote the use of LMI and can tailor its delivery to meet their clients’ needs;
- they develop a core set of LMI that can be readily updated and design systems to draw from this data which are tailored to meet the needs of different customer groups; and
- they design simple to use IT and web enabled delivery systems that are key to effective LMI dissemination.

They develop Integrated Labour Market Systems

- they integrate LMI into other customer focused systems (including Information Technology (IT) and web enabled job search, course search and careers advisory systems);
- they use the integrated systems as a source of LMI.

Information is Power: Outcomes of the DEL Review of Labour Market Information

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The Way Forward

The review found that, in order to deliver the Success through Skills strategy, NI LMI needs to move even more centre stage and learn from best practice elsewhere. It set out a vision of a NI LMI system which is world class in relation to data availability and uses that information in an integrated way to meet customer needs. It brought forward a number of challenging actions which will begin the process of attaining a world class system. A summary of the key actions follows.

In relation to improving **data availability** the Department should:

- work towards capturing real time, near population based LMI in NI which can give much greater granularity and precision to analysis (including longitudinal analysis) than is currently possible. As a first step in this process, DEL should work with other NI Departments and UK Administrations to examine the conditions under which administrative data sources could be harnessed and linked to capture the required information; and
- improve the information available on the labour market outcomes of those who had undertaken HE, FE or work based learning through support for longitudinal studies including a first NI Youth Cohort Study.

The Department should work to improve understanding of its **customers' LMI needs** and how those needs are addressed by:

- ensuring that LMI is deployed in a consistent, informative and joined up way to assist the NI Skills Expert Group develop the Regional Employment and Skills Action Plan, ensure the new Workforce Development Forums are well informed about local demand and supply issues and provide the 25 Sector Skills Councils with appropriate information to assist their assessment of demand and supply in their respective sectoral footprints;
- appointing "LMI Champions" within the NI Careers Service and Employment Service. The Champions should work to ensure that the Careers Service and Employment Service are aware of the available LMI and how to use it effectively. They should provide feedback to labour market analysts and other relevant partners, articulating their customers' LMI needs, give guidance on how best to present the information to maximise impact and ensure that customer LMI needs are being met effectively. Finally they should work with staff trainers and labour market analysts to design and develop appropriate training to ensure Employment Service and Careers Service staff can use LMI confidently and appropriately as part of their advisory toolkit; and

- reviewing the DEL Research Agenda to ensure it is meeting objectives and that the research flowing from it is being used to influence policy and programme delivery. The review should examine whether the research dissemination process is fitting customer needs.

Finally, the Department should consider how **key labour market systems** could be better **integrated** by:

- appraising opportunities for integrating Employers Online, Job Centre Online, Careers Service Online, Learndirect and LMI. The appraisal should examine the impact a comprehensively linked system would have on the efficiency of the NI labour market and the extent to which it could act as a source of LMI.

These are a challenging set of recommendations which will begin the process of improving the availability and use of LMI in NI. Work has already commenced on delivery. For example initial results are emerging from the new Higher Education Statistics Agency (HESA) longitudinal survey of NI HE students. Plans are at an advanced stage for the first NI Youth Cohort Study and it is expected that a Questionnaire will be piloted during 2008 with a first main sweep completed next year, 2009. The LMI needs of the NI Skills Expert Group and Sector Skills Councils are being



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assessed and addressed on an ongoing basis and comprehensive local Labour Market Information has been produced to assist the work of the new Workforce Development Forums. LMI Champions have been identified by the Careers Service and Employment Service and they are working closely with Departmental statisticians to ensure their clients' LMI needs are well articulated and that the information is tailored in a manner that best addresses those needs.

The Department needs to ensure that it builds on these initial steps. The review points to the need for thorough, periodic monitoring of implementation and an assessment of what more needs to be done to retain momentum towards achieving the LMI Review's vision.

Information is power but it must be channelled effectively, by improving the quality and availability of LMI, by tailoring it so that it addresses customer needs and by integrating it effectively with other labour market systems. That approach has the potential to pay significant dividends in terms of improving the efficiency of the NI labour market and promoting accelerated economic growth.

Skills Monitoring in Northern Ireland: Comparisons of the 2002 and 2005 Surveys

Helen McCartney and Gayle Kennedy, Analytical Services, DEL

The Survey provides an overview of current vacancies and skills needs across the economy and particularly focuses on those areas where recruitment difficulties are related to external skill shortages and which might therefore be amenable to a 'skills' solution. This article gives a comparison of some of the key findings from the 2005 Survey and the survey carried out in 2002. There is also a further detailed investigation into skill gaps that are among the current workforce and training provided by employers.

In the late 1990s anecdotal reports suggested that skill shortages were occurring with increasing frequency across NI. The NI Skills Monitoring Survey (SMS) was therefore designed to provide a comprehensive snapshot of the current skill needs of NI private sector employers. The first Survey took place in 2000 and focused on the non-agricultural private sector. The survey was extended in 2002 to include the public sector and the findings updated in 2005 and therefore we now have some useful comparisons over time. One of the key themes of DEL's Skills Strategy¹ is understanding the demand for skills. The NI SMS is currently used to inform this theme by exploring issues related to the current skill needs of NI employers.

Key Comparisons between the 2002 and 2005 Surveys

Table 1 compares the key findings from the NI Skills Monitoring Surveys carried out in 2002 and 2005. The table shows a few notable changes between the two surveys.

All employers were asked if they had any vacancies at the time of interview (current vacancies). These were defined as vacancies for which action was being taken to recruit people from the external labour market. In 2002, the proportion of employers reporting current vacancies was 16%. This figure decreased to 11% in 2005, the difference between the two figures being statistically significant².

Those employers who reported current vacancies, were then asked whether any of their vacancies were proving difficult to fill. There was no formal definition of a 'difficult to fill' vacancy – the employer was asked to define this in terms of their business and their current situation. **Table 1** shows that in 2002, 10% of employers reported difficult to fill vacancies. This decreased by four percentage points in 2005 (6%), with the difference being statistically significant³.

Employers were asked the main reason why they felt their vacancies were difficult to fill. If the respondent referred to any of the following reasons the

Table 1: Key Findings from NI Skills Monitoring Survey, 2002 and 2005

Survey	Current Vacancies %	Difficult to Fill Vacancies %	External Skill Shortages (as a % of Difficult to Fill Vacancies)	Skill Gaps %	Off-the-job training %
2002	16	10	32	13	42
2005	11	6	34	9	34

Source: NI Skills Monitoring Surveys, 2002 and 2005

1 Success through Skills. The Skills Strategy for Northern Ireland is available online at http://www.delni.gov.uk/skills_strategy_2006.pdf
 2 z = 6.84 p = 0.000
 3 z = 6.90 p = 0.000

Skills Monitoring in Northern Ireland: Comparisons of the 2002 and 2005 Surveys

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vacancy was defined as difficult to fill due to an external skill shortage: a lack of skills the company demands; a lack of qualifications the company demands; or a lack of work experience the company demands. In 2005, **Table 1** shows 34% of difficult to fill vacancies were due to external skill shortages. This is a slight increase of 2% from 2002 (32%), which is not significantly different⁴. It should be noted that the actual **number** of difficult to fill vacancies due to external skill shortages has in fact decreased in 2005.

Table 1 also shows the proportion of employers reporting skill gaps. Skill gaps exist where there is a gap between an employee's current skill level and what is needed to meet work objectives. While many employers recognise the necessity of providing training to new recruits, the issue of further training for the existing workforce to meet difficulties in recruitment or to meet new demands in the workplace can often be problematic. It is positive to note that overall there has been a reduction in the proportion of employers reporting skill gaps between

2002 and 2005. This decreased by 4% in 2005 (9%), with the difference being statistically significant⁵.

Of particular concern is the drop in provision of off-the-job training between 2002 and 2005. In 2002, 42% of employers provided or arranged off-the-job training (**Table 1**) for their workforce. This figure has decreased by eight percentage points in 2005, to 34% of employers providing off-the-job training for their employees. This difference is statistically significant⁶.

Skill Gaps

We have already seen that the decrease in proportion of employers reporting skill gaps between 2002 (13%) and 2005 (9%) is statistically significant. We will now look at businesses of different sizes to see if this has any bearing on the proportion of employers reporting gaps. We would expect that employers with a larger workforce would have more skill gaps.

Does The Size of Company Make a Difference?

Table 2 shows the proportion of employers reporting skill gaps by size of employer⁷. Skill gaps were most prevalent for large businesses, with 21% of employers reporting gaps. Smaller employers were less likely to have skill gaps with only 6% reporting a gap (**Table 2**). Carrying out statistical tests on this data shows that there is a significant relationship⁸ between having a skill gap and the size of the business.

So What Are Employers Doing About Skill Gaps?

In 2005, 9% of employers felt that they had a skill gap within their workforce. For those employers who highlighted gaps it is more likely that they would provide or arrange some type of training for their employees.

Table 3 shows that in 2005, for those employers who reported skill gaps in their current workforce, 90% provided some type of training. For those employers who did not report skill gaps only 66% provided training to their employees. These results reflect what we

Table 2: Reported skill gaps among the workforce by size of employer

	All Employers %	1 - 4 Employees %	5 - 10 Employees %	11 - 49 Employees %	50 + Employees %
Existing skill gap	9	6	12	15	21
No skill gap	91	94	88	85	79
Base = 100%	4115	1042	732	1502	839

Source: NI Skills Monitoring Survey 2005

Skills Monitoring in Northern Ireland: Comparisons of the 2002 and 2005 Surveys

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Table 3: Training provided by employers by skill gaps

	Both off & on-the-job training %	Off-the-job training only %	On-the-job training only %	No training %	Base=100%
Existing skill gaps	52	3	35	10	549
No existing skill gaps	23	9	34	34	3522

Source: NI Skills Monitoring Survey 2005

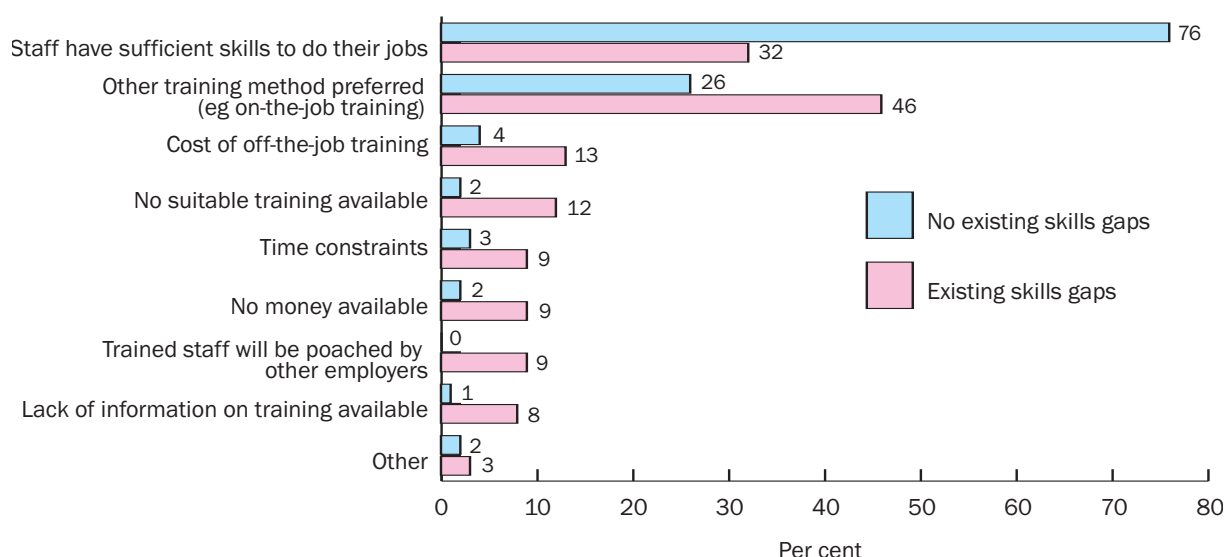
would expect to happen – with those having skill gaps providing more training than those who feel their workforce is fully proficient. However it could also relate to complacency or lack of foresight on behalf of some employers who may not appreciate that their employees need developing to progress their businesses. Carrying out statistical tests on this data shows that there is a significant relationship⁹ between the existence of skill gaps and the provision of training.

Table 3 shows that 45% of employers who reported skill gaps did not provide off-the-job training for their staff. For those employers who did not report existing skill gaps, 68% did not provide off-the-job training. Those employers who did not provide or arrange off-the-job training for their staff were asked to specify the reasons for this.

Figure 1 shows the reasons given by employers for not providing off-the-job training. For

those employers who reported skill gaps the most common reason for not providing off-the-job training was that another training method was preferred (46%), for example on-the-job training. This was followed by staff have sufficient skills (32%) and cost of off-the-job training (13%). For those employers who said they didn't have skill gaps the most common reason was staff have sufficient skills to do their job (76%), followed by other training method preferred (26%). This is what we would expect to

Figure 1: Reasons for not providing off-the-job training



*** Percentages estimates sum to more than 100% as the question is multiple response

Source: NI Skills Monitoring Survey 2005

Skills Monitoring in Northern Ireland: Comparisons of the 2002 and 2005 Surveys

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happen as those who did not report skill gaps think their staff already have sufficient skills to do the job and so do not require off-the-job training to the same extent as those who have gaps.

Where Do Skill Gaps Occur?

Table 4 shows an occupational distribution of skill gaps for 2005. Skill gaps were most prevalent for staff in Sales occupations with 18% of skill gaps falling into this category. This was followed by Elementary Occupations which accounted for 13% of skill gaps. Professionals, Associate Professionals and staff in Skilled Trades occupations accounted for the lowest proportion of skill gaps (each of these being 8%).

Has the Occupational Provision of Training Changed Since 2002?

Table 5 shows an occupational breakdown for the provision of off-the-job training, comparing the results from the 2002 and 2005 surveys.

It is interesting to note that the three occupational groups receiving the highest proportion of off-the-job training are the same for 2002 and 2005. These are Professionals (81% in 2002 and 76% in 2005), Associate Professionals (74% for both 2002 and 2005) and Personal Service Occupations (74% in 2002 and 75% in 2005). The occupational group receiving the lowest proportion of off-the-job training is Elementary Occupations in both 2002 and 2005 (both 43%).

Table 4 Occupational distribution of skill gaps in 2005¹⁰

	2005 %
Managers & Senior Officials	10
Professionals	8
Associate Professionals	8
Administrative & Secretarial	12
Skilled Trades	8
Personal Service	10
Sales	18
Operatives	12
Elementary Occupations	13
Base = 100% (employee based)	13,371

Source: NI Skills Monitoring Survey 2005

Table 5 also shows that the occupational groups with the biggest differences between 2002 and 2005 are for Managers and Senior Officials and Administrative and Secretarial Occupations.

In 2002, the proportion of Managers and Senior Officials receiving off-the-job training was 69%. This decreased by seven

percentage points in 2005 (62%), with the difference being statistically significant¹¹.

The proportion of Administrative and Secretarial staff receiving off-the-job training decreased from 56% in 2002 to 50% in 2005. This gives a difference of 6%, being statistically significant¹².

Table 5: Provision of off-the-job training by occupational group, 2002 and 2005 comparison

	2002	2005
Managers & Senior Officials	69	62
Professionals	81	76
Associate Professionals	74	74
Administrative & Secretarial	56	50
Skilled Trades	69	71
Personal Service	74	75
Sales	63	61
Operatives	60	67
Elementary Occupations	43	43

Source: NI Skills Monitoring Surveys 2002 and 2005

¹⁰ It is not possible to report on the occupational distribution of skill gaps for 2002 as no data were collected on the number of skill gaps in 2002.

¹¹ $z = 4.76$ $p = 0.000$

¹² $z = 3.61$ $p = 0.000$

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Is Training Targeted to Occupations with the Highest Number of Skill Gaps?

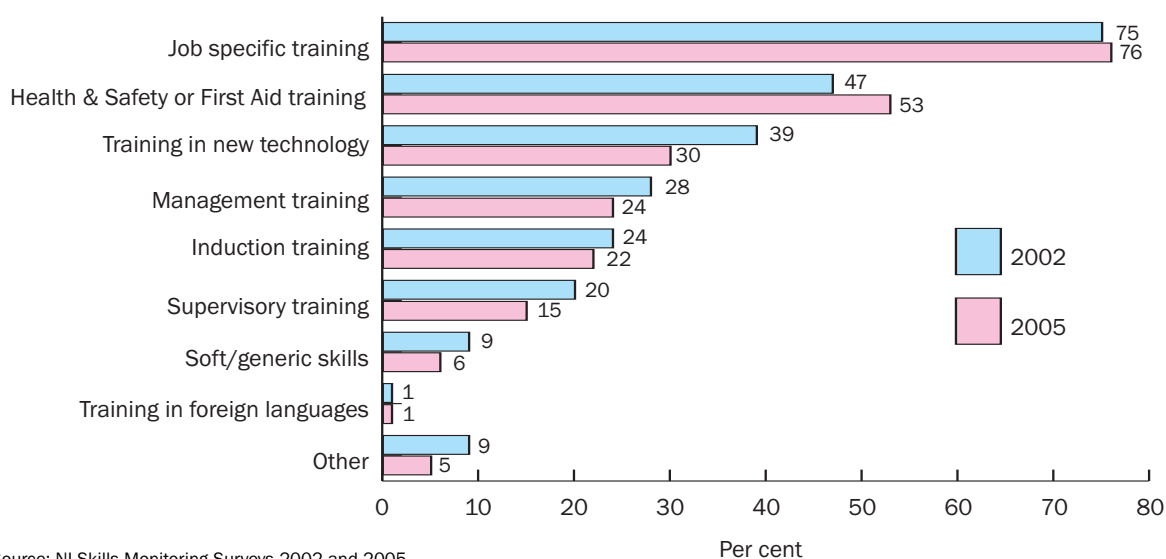
Table 4 showed that for 2005, skill gaps are most prevalent in Sales (18%), Elementary Occupations (13%) and Administrative and Secretarial Occupations (12%). **Table 5** shows that these occupations received the lowest proportion of off-the-job training in 2005 with 61% of Sales, 43% of Elementary Occupations and 50% of Administrative and Secretarial staff receiving this type of training.

On the other end of the scale in 2005 skill gaps were lowest in Professional, Associate Professional and Skilled Trades Occupations (all accounting for 8% of skill gaps). **Table 5** shows that approximately three quarters of staff in Professional and Associate Professional occupations received off-the-job training, with Professionals receiving the highest proportion of off-the-job training across all occupations (76%).

Figure 2 shows the delivery of off-the-job training that was provided to staff, comparing the results from 2002 and 2005. For 2002, it can be seen that three quarters of employers (75%) provided job specific training to their staff. This is also true for 2005, with 76% of employers providing job specific training. This was followed by health and safety or first aid training (47% in 2002 and 53% in 2005) and training in new technology (39% in 2002 and 30% in 2005).



Figure 2: Delivery of off-the-job training provided, 2002 & 2005 comparison

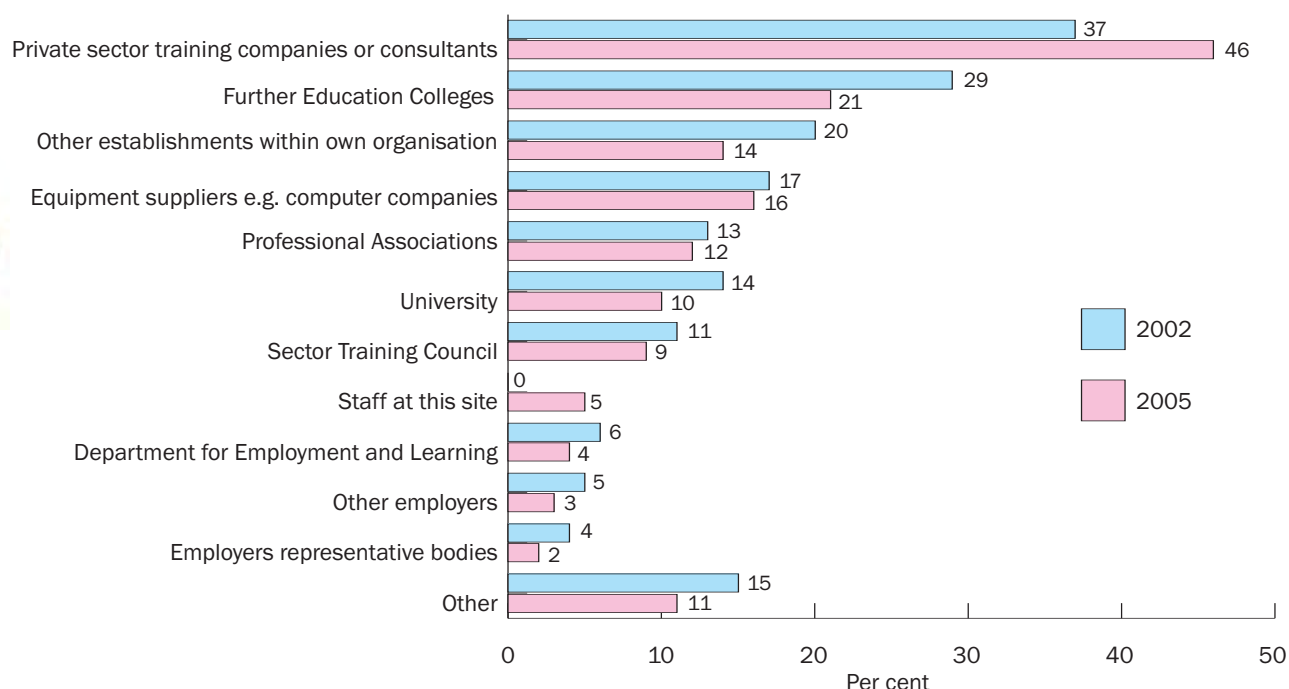


Source: NI Skills Monitoring Surveys 2002 and 2005

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Figure 3: Provider of off-the-job training, 2002 and 2005 comparison



Source: NI Skills Monitoring Surveys 2002 and 2005

Employers were asked to specify any external training providers they had used (**Figure 3**). In comparing the results from 2002 and 2005 shows that the biggest proportion of off-the-job training was delivered by private sector training companies (37% in 2002 and 46% in 2005). This was followed by Further Education Colleges, who were used by 29% of employers in 2002 and 21% in 2005.

Conclusions

In comparing the results of the Surveys carried out in 2002 and 2005, we have seen a number of changes. Most notable are the reductions in the number of employers reporting current vacancies, vacancies proving

difficult to fill and skill gaps within the current workforce.

There has been a significant decrease in the proportion of employers arranging or providing off-the-job training, falling from 42% in 2002 to 34% in 2005. For other aspects of off-the-job training there has been no changes over the three years. The provision of off-the-job training was most prevalent for staff working in Professional Occupations, Personal Service Occupations and Associate Professional Occupations in both 2002 and 2005. For both years the highest proportion of off-the-job training was job specific training and health and safety or first aid training. The majority of employers used external training providers to deliver off-the-job

training to their staff with the most common training providers used being Private Sector Training companies and Further Education Colleges in both 2002 and 2005.

Over the three years the proportion of employers reporting skill gaps has fallen by four percentage points to 9%. Employers with a larger number of employees are more likely to have skill gaps (21%) than those with a smaller number of employees (6%). It is encouraging to note that employers have displayed their commitment to workforce development by provision of training with the majority of employers reporting a skill gap in their workforce arranging or providing some type of training

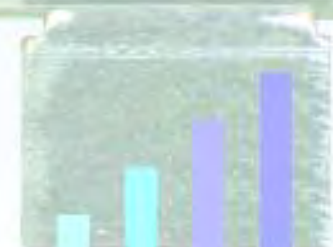
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for their staff (90% of employers). Examining off-the-job training by occupational group shows that in most categories, at least half of the employees received off-the-job training. The 2005 results indicate that off-the-job training is perhaps not being targeted to the correct occupations. Although skill gaps were most prevalent in Sales and Elementary Occupations, employees in these occupations received the lowest proportions of off-the-job training. Although not available from SMS it would be interesting to explore the occupational profile of training, by length of time in job. It may be the case that those employees in post less than one year receive more training than others.

The NI Skills Monitoring Survey 2005 main report is now available at
<http://www.delni.gov.uk/index/publications/pubs-stats/skills-reports/ni-sills-monitoring-survey-2005-main.htm>





Skills Upgrading Needs – the Challenge for Employers and Training Providers in Northern Ireland and Scotland

Colin Lindsay and Ronald W. McQuaid Employment Research Institute, Napier University Business School, Edinburgh

This article reports findings of research for the Sector Skills Development Agency on employers' future skills upgrading needs; their previous and planned interactions with training providers, especially FE; and key factors that have resulted in successful employer-trainer relationships. The research found that employers across a wide range of sectors were committed to undertaking skills upgrading as a means of 'competing on the basis of quality' and shifting their products and services 'up the value chain'. There were a number of examples of good practice where FE colleges, universities and other providers have been able to build strong relationships with employers. However, training providers need the freedom and resources to work towards delivering the flexible, bespoke services required by employers, and policy makers need to consider how best to support smaller employers, who can struggle to fund time off for training, limiting opportunities for necessary skills upgrading.

Keywords:

Skills Upgrading, vocational education and training; Further Education Colleges

Introduction

Policy makers in both NI and Scotland have emphasised the need to ensure that training provision is responsive to the needs of employers. Delivering a world-class skills base is a priority for the UK government and devolved administrations. *The Skills Strategy for NI*¹ sets out a vision for skills based on high value added jobs, and employers who can anticipate future skill needs and are willing to invest in the skills of their employees. The Department for Employment and Learning (DEL) has highlighted the importance of collaboration between employers and the training system so that providers can have a better understanding of, and better respond to, employers' skills upgrading needs – a vision encapsulated in *Further Education Means Business*². The recent *Skills for Scotland*³ strategy similarly emphasises both the need to encourage employer demand for skills, and to listen and respond through effective workplace skills provision.

Key to the skills agenda in both countries is the acknowledged need for policy makers and training providers to understand 'what employers need' and 'what works'. This article reports the results of research exploring these issues. The research was commissioned by the Sector Skills Development Agency – the body that funds, supports and monitors the network of Sector Skills Councils across the UK – and conducted by the

Employment Research Institute at Napier University, Edinburgh in association with the Policy Research Institute, Leeds Metropolitan University and the Business and Management Research Institute, University of Ulster.

The aim of the research was to investigate the nature of employers' skills upgrading needs and training providers' responses in selected sectors in NI and Scotland. Specifically, the research sought to explore a number of questions:

- In the selected sectors, what are employers' main skills upgrading needs, with particular reference to the occupation groups that they believe to be critical to their organisations' future performance?
- To what extent do employers rely upon external providers to help meet these skills upgrading needs and what alternative approaches do they take?
- How do employers make decisions around engaging with providers, and what are the main factors that influence employers' decisions?
- What types of training provision are most attractive to employers as a way of meeting their skills upgrading requirements?
- For providers heavily involved in supplying services to employers, what are the main factors that help to nurture these relationships? And what are the main barriers faced by providers not heavily



1 "Success through Skills: the Skills Strategy for Northern Ireland" can be found at www.delni.gov.uk/skills_strategy_2006.pdf
2 "Further Education Means Business: an Implementation Strategy" can be found at www.delni.gov.uk/fe_means_business_implementation_plan_-_june_06.pdf

3 "Skills for Scotland: a Lifelong Skills Strategy" can be found at www.scotland.gov.uk/Resource/Doc/197204/0052752.pdf

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involved in supplying training services to employers?

- What specific kinds of changes in the organisation and funding of providers would help them to respond more effectively to employers' needs?

The research sought to address these issues through an extensive series of telephone interviews with employers in a diverse range of manufacturing and service sectors. The sectors that provided a focus for the research were metal/machine manufacturing, architectural, civil engineering and related activities, and printing and publishing in NI; and textiles and financial services in Scotland. We were particularly concerned to identify issues across sectors.

The research was designed to identify general, cross-sectoral issues regarding future skills upgrading needs and factors affecting the responsiveness of training provision. Seeking to move beyond the standard 'skills survey' approach that has provided useful, but essentially quantitative, data under previous studies, the research

also involved in-depth, face-to-face follow-up discussions with a small sample of employers, designed to provide detailed qualitative insights and unpack issues raised during telephone interviews. Case studies with training providers then sought to identify good practice in engaging with employers and identify opportunities and problems associated with building improved employer-trainer relationships.

Table 1 illustrates the telephone and in-depth, face-to-face interviews conducted with employers and the training provider case studies undertaken in each sector.

Employers' Skills Upgrading Needs

Our research was distinctive in having a strong 'focus on the future' – interviews with employers asked these respondents to consider 'what's needed' in ensuring the competitiveness and productivity of their businesses over the next 1-3 years. Our interviews therefore focused on employers'

future skills upgrading needs, rather than immediate, current skills gaps. An immediate, striking outcome was that – despite the diversity of the targeted sectors – many employers shared a commitment to undertaking skills upgrading. Whether operating in manufacturing sectors (such as metal and machine manufacturing in NI) or high-level services (such as the finance sector in Scotland), employers acknowledged the need to 'compete on quality' (noting that global trade exposure precluded competing with some competitors on price) and 'shift up the value chain'. Upgrading skills – in response to the introduction of new machinery and design technology, or to deliver higher quality products and services – was seen as an essential part of this agenda.

In terms of what employers' want, in all sectors the majority highlighted one or more soft skills areas that will require upgrading among core/main employee groups in the immediate term, with teamwork and leadership skills most regularly mentioned. However, in

Table 1: Number of interviews/case studies in target sectors

Sector	Employers: telephone interviews	Employers: in-depth interviews	Training providers: case studies
Metal/machine manufacturing (NI)	87	4	2
Architectural and engineering/related (NI)	60	2	3
Printing and publishing (NI)	30	2	1
Textiles (Scotland)	62	3	4
Financial services (Scotland)	73	4	4

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Table 2: Percentage of employers predicting future skills upgrading needs

Sector	Technical skills %	Teamwork skills %	Leadership skills %	Problem-solving %
Metal/machine manufacturing (NI)	64	70	45	23
Architectural and engineering/related (NI)	67	57	63	57
Printing and publishing (NI)	40	50	57	33
Textiles (Scotland)	50	47	42	32
Financial services (Scotland)	56	69	67	67

some cases employers emphasised that ‘off the shelf’, generic soft skills training will be inadequate to address these needs. Finance employers noted the link between effective sales and communication skills and more fundamental product knowledge and a deeper understanding of the principles of financial services. Similarly in the textiles sector, a number of employers noted the need for commercialisation and communication skills for technicians and designers, but again argued that specialist skills upgrading will be required to assist these workers to more fully consider the commercial and cost implications of their work; to communicate and market their ideas to customers within a business setting; and to ‘listen effectively’ by taking on board feedback from customers as to products and services required.

“The sector is changing rapidly. Designers need more skills around business and dealing with customers. It’s not just design skills that are

needed; there’s an added need for commercialisation and marketing skills... clients want to discuss the design more. The designers are the face of the company.”
Geo-textiles/woven fabrics manufacturer, small employer, Scotland

However it is also important to note that sector-specific technical skills upgrading was emphasised by many employers across all sectors. In manufacturing sectors, the need for technical skills upgrading often focused on the more effective use of new or existing machinery.

“For our people in production, we will need training possibility in one year’s time when we add in new [textiles] looms... Our technicians and weavers don’t have the skills to operate these looms, so those new skills will be needed.”
Geo-textiles/woven fabrics manufacturer, small employer, Scotland

Finally employers in a range of different sectors emphasised the need for skills upgrading to facilitate multi-tasking. Flexible staff who are able to combine a different skill sets were seen as essential to maximising time-efficiency and productivity in sectors as diverse as financial services in Scotland (where staff will be required to combine sales, customer servicing and business processing skills), and metal/machine manufacturing in NI (where basic engineering skills such as welding, fitting and fabrication increasingly need to be combined).


“We are trying to make our employees more flexible. We need fitter-welders who can turn their hands to different things rather than welders who would not do anything that isn’t welding.”
Mechanical engineers, small employer, NI

Table 2 illustrates the key predicted skills upgrading needs of employers in each of the sectors.

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How Can Training Providers Add Value?



The extent to which employers planned to use Further Education (FE) institutions and other training providers for skills upgrading was affected by a range of factors, including area of work activity and size of establishment. In sectors such as metals/machine manufacturing and textiles, small and medium sized enterprises (SMEs) and micro-employers have clearly struggled to find the resources and time off for 'bought in' staff training. Other barriers to increased engagement with FE and training providers related to the extensive use of in-house training. In sectors such as metal and machine manufacturing in NI and textiles in Scotland, employers often suggested that the introduction of new technology and machinery would be accompanied by training delivered by equipment providers, which would then be 'cascaded down' through the organisation (often through informal, internal training).

In many cases this approach was justified by the specificity of the training required. However, there may be further opportunities for external providers to add value to existing in-house training – the involvement of trainers with expertise in both sector-specific skills and delivering learning may offer benefits in terms of 'locking in' that good practice and eliminating the danger of

'mainstreaming error' through informal skills cascading. In general, there is a need to constructively engage with employers, to challenge the culture of informality that defines skills upgrading arrangements in some organisations and sectors.

"Our core workers are in a machine shop where they are employed in turning and fabrication. These skills are acquired through training on-the-job, working with a supervisor. It's all in-house... in this organisation we have a core set of guys who can pass the skills on down the line."

Metal manufacturer, medium-size employer, NI

The FE colleges, universities and commercial providers featured in our case study research were often able to demonstrate considerable expertise in highly specialised technical skill sets - expertise that some employers doubted or were unaware of - suggesting that there may be scope for such providers to play a greater role in more formalised skills upgrading. It is also notable that in all sectors where these providers had previously provided services levels of satisfaction were generally high among employers, who were then significantly more likely to anticipate using such services again in the future. Measures to raise awareness of the full range of training services available (through, for example, sectoral 'advocates' or employer engagement officers), and to

encourage mutual learning (such as through the 'Lecturers into Industry' initiative currently enjoying success in NI) would appear to have the potential to help build productive relationships.

In our interviews with employers and in case study research with training providers, a number of common features were identified as being key to previous and planned employer-trainer relationships:

- training providers need to develop and demonstrate credibility and specific expertise in skill sets of immediate, *practical* value to employers;
- training providers need to respond to employers' needs by offering provision that is bespoke (i.e. tailored to specific skill needs and organisational settings), flexible (in terms of format, timing and duration), and (in some cases) peripatetic and delivered in the workplace;
- training providers need to invest in the best people and equipment/infrastructure in order to gain trust and credibility with employers (Centres for Excellence operating in sectors such as manufacturing engineering in NI provide an example of good practice here);
- training providers need to invest time and resources in building relationships with employers through extensive 'outreach' work and network-building; and
- employers need to be able to fund (or access funding for)

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‘time off for training’ and to ‘buy in’ the expertise of external trainers.

The *FE Means Business* agenda in NI has seen substantial progress in a number of these areas. However, our research with employers and providers also suggested that there remain considerable barriers to overcome. The funding of FE and university-based provision in both NI and Scotland still generally encourages the recruitment of full-time students to undertake highly structured learning activities. By comparison, there are still relatively limited incentives for these providers to seek to engage with employers. As a result, FE providers in particular can struggle to develop the flexible formats (for example, day release, evening or e-learning) and bespoke provision that can facilitate work-based learning. Even among employers participating in our research who had used FE services, the limited flexibility of such provision was a particular problem. There is a need for a commitment among both FE institutions and funders to develop more flexible forms of provision *if* such providers are to play a greater role in meeting future skills upgrading needs.

For both FE and commercial training providers, ensuring the viability of new services by identifying a ‘critical mass’ of training customers also remained a problem. This was particularly the case in sectors such as textiles, metal/machine

manufacturing and architectural/engineering design, where the majority of employers are SMEs and micro-enterprises with limited resources for external training. It is important that training funding does not fall victim to deadweight effects by subsidising skills provision that can and should be the responsibility of employers. But this research has flagged up the very real barriers faced by smaller employers in supporting the skills upgrading that they themselves have identified as necessary – policy makers and funders need to consider how best to incentivise both employers and training providers so that employees receive the training that they need.

Key Issues for Policy

The UK government and devolved administrations of NI and Scotland are committed to the development of an increasingly demand-led skills system, where a strong employer voice in the content of skills provision is matched by a training that reflects the need for economically valuable skills. Much of the emphasis on the role of FE, universities and other providers has focused on the need to develop curricula that reflect sector skills needs and prepare learners (often young people) for the world of work. However, our research confirmed that there is also a need to respond to immediate and pressing future skills upgrading needs.

What our research shows is that many employers have identified the need for urgent action to improve the skills of people already in work. Despite the diversity of industries studied in this research, common themes emerged: particularly around the need for employers in all sectors to promote skills upgrading in response to rapidly changing and more demanding markets, increasingly complex products and services; and the drive for efficiency and productivity through the most effective use of technologies. Skills are crucial to this – but the ability to plan, capacity to deliver, and resources to support necessary skills upgrading are limited and varied.

Our research raised a number of detailed issues for policy.

Raising awareness of the need for skills upgrading and supporting employers

- Not all employers participating in our research saw skills upgrading as a priority – across all sectors between one-third and three-fifths saw no technical skills upgrading needs for the near future. In some cases, skills upgrading will be less a priority, but there is a constant need to assist employers to identify business development opportunities and implications for skills, and to demonstrate the business benefits associated with training.
- Many smaller employers were



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able to articulate specific, urgent workforce skills upgrading needs, but faced problems in resourcing time off for training. Large-scale training subsidies for private companies cannot be justified and would be subject to substantial deadweight effects. However, there may be case to be made for limited, targeted financial or training support for employers who are able to make a clear business case for key strategic skills upgrading activities.

Improving information on what's needed and what's available

- The majority of employers across all sectors predicted addressing future skills upgrading needs primarily through internal training. In many cases internal provision will be appropriate, but there may be benefits in further action to help employers to make an informed decision on training provision having considered all the potential external and internal mechanisms available. FE and other providers may be able to add value.
- Networking and relationship-building is clearly important to the establishment of trust and exchange of information between employers and training providers. Initiatives such as *Lecturers into Industry* in NI along with other 'workforce development' and engagement activities being

pursued by FE colleges and universities should be supported and built upon.

Responding to what employers need

- FE providers, universities and other trainers seeking to engage with employers will need to be able to provide bespoke, specialist technical training in the workplace; commercial, management and leadership skills tailored to sectoral contexts; and support for employers who want to formalise and/or accredit internal training. In the latter case, FE and other providers need to think creatively about how they can add value to internally provided skills provision, by linking training to accreditation frameworks, helping to formalise systems and 'lock in' good practice, and promoting effective skills upgrading techniques.
- FE providers and universities in particular need to be supported in developing more 'entrepreneurial' practices. In NI, initiatives developed under *FE Means Business* and the emergence of *Centres for Excellence* have demonstrated how the FE sector can be supported in building highly successful relationships with business. Our research also identified a number of innovative employer-trainer partnerships in Scotland. Policy makers should consider how best to learn from and build upon

these examples of good practice.

Reflecting on the role of training providers in responding to skills upgrading needs

- Policy makers and other stakeholders in NI, Scotland and elsewhere agree that FE and other forms of training provision should be guided by the needs of industry. FE providers are committed to skilling their students for the world of work. But the same providers tend to have less of a role in addressing the urgent skills upgrading needs identified by employers seeking to maximise the potential of their *current workforce*. This is understandable given that funding arrangements incentivise FE providers to deliver highly structured, long-term, full-time learning rather than the flexible provision demanded by employers. While it is not the role of publicly funded organisations to act as employers' private training providers, there needs to be a broader debate about the role, resources and responsiveness of FE (and even HE) institutions in facilitating skills upgrading. The funding, targets and content of FE provision in all UK nations need to be reviewed within this context, with Sector Skills Councils and other key stakeholders playing an active role in considering the way forward.

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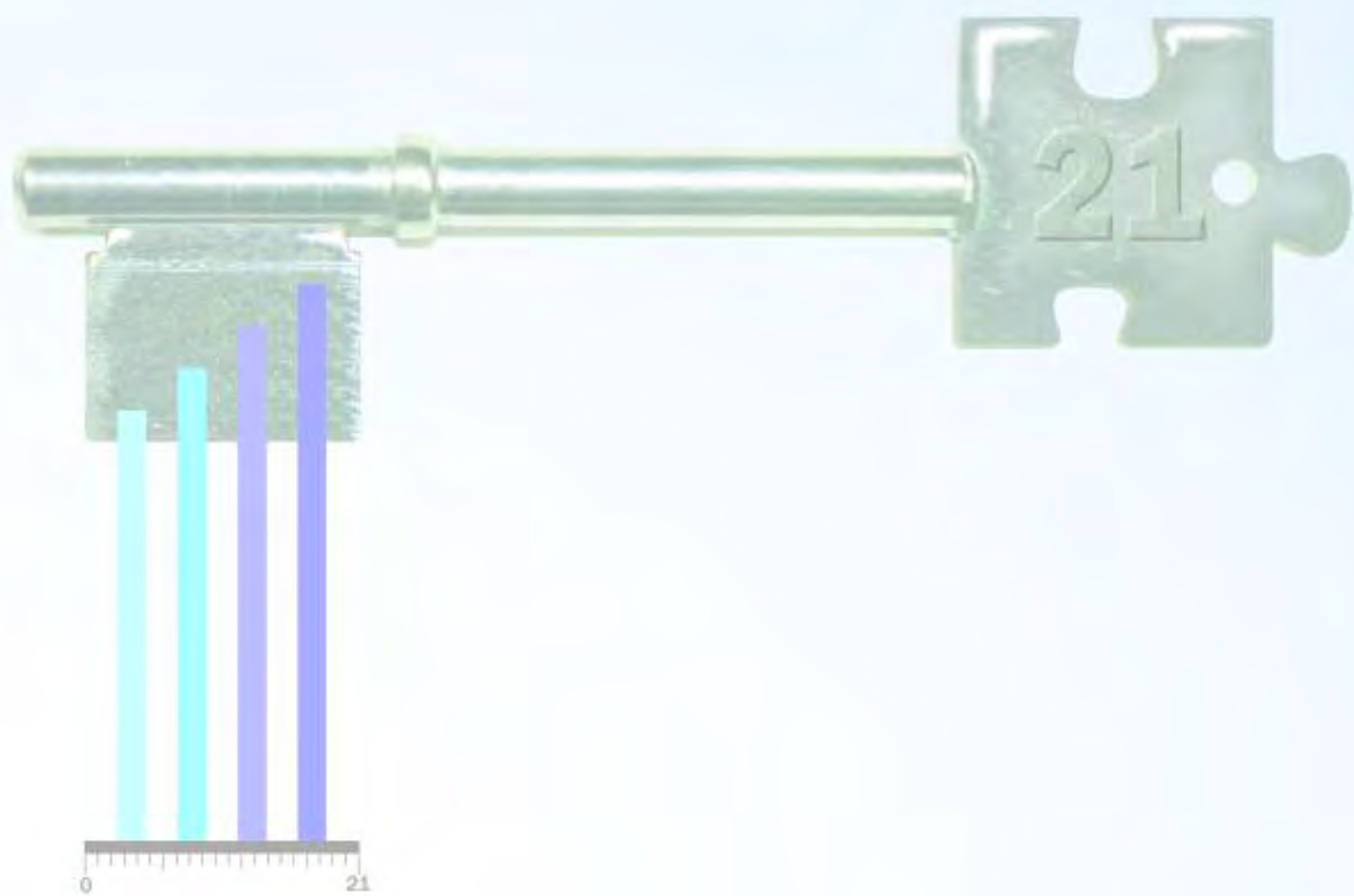
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Where should Skill Provision and Monitoring be Focused? A New Approach to Identifying Priority Sectors in Northern Ireland

Seamus McGuinness* and Jessica Bennett**

This article provides a brief summary of recent research carried out by the Priority Skills Unit, ERINI for the Department for Employment and Learning (DEL). Research reviewed current international best practice in the area of skills planning and forecasting and provides an assessment of NI's position within this context. A primary objective of the work was to further develop an objective framework for identifying priority skills for NI.

Background and Introduction

It is now common practice for Governments and policymakers to try to predict how the demand for skilled labour is likely to change over time. Many countries, amongst them Australia, Austria, Canada, France, Germany, Great Britain, Japan, Netherlands, NI, Republic of Ireland, Spain, Sweden and the USA, expend considerable effort and resources in forecasting changes in the demand for different types of skilled labour as a means of avoiding skill shortages.

The rationale arises from concerns about the potential costs to the economy associated with skill shortages which can, potentially, be very detrimental to productivity growth, particularly when they occur in key sectors of the economy. Existing research confirms that such costs are likely to be significant and emphasizes the value of taking preventative measures. In general, policymakers in developed economies rely on occupational forecasting models to predict the future direction of skills demand. Research shows that such models have become increasingly accurate over time, however, it is stressed that for occupational forecasts to be of value, precision is less important than its usefulness to a range of interest groups.

The NI Approach to Skills Research and Development

The methodology adopted in NI for skills forecasting is based on a sectoral approach and incorporates employer survey information and, where possible, time series models to project future labour market trends under a range of scenarios. The use of sectoral studies had the obvious advantage of overcoming many of the problems associated with the standard macro based approach in that the use of employer surveys would ensure that changing skill levels within occupations and/or rapidly changing demand for various occupations could be more readily picked up. Also, rather than having to adopt the generic Standard Occupational Classification (SOC) framework when defining skills, and the associated problems with extending this to the demand for qualifications, conducting sectoral studies within the context of a detailed employer survey meant that the occupational and qualification framework could be tailored to the industry concerned. The approach generated high, medium and low growth projection scenarios in order to assess the adequacy of educational provision to the sectors under examination within a range of outcomes. As widely recommended, the NI



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approach complements its projection models with detailed survey information on a number of key indicators such as unfilled/hard-to-fill vacancies and their perceived drivers/consequences, occupational wage rates, inter-firm poaching, training etc which are ultimately incorporated into econometric models which attempt to explain the incidence and consequences of skill shortages thus giving a more complete picture of labour market conditions.

However, while skills research in NI is well developed, there is still room for improvement and specifically, there is a need for a more formalised approach to be adopted when prioritising the contribution of the various sectors to the economy and thus, the potential costs that are likely to arise as a consequence of skill shortages. In terms of a framework for prioritisation of the sectors, although our aim is to identify the priority sectors in terms of skill needs, it is also important to identify those sectors which will have the greatest potential impact on the economic wellbeing of NI. Therefore it makes sense that those sectors of greatest economic significance, for example, those that continue to attract high volumes of foreign direct investment (FDI), display the greatest exporting potential and those that continue to be the main drivers of growth in the NI economy as a whole, should be a priority for any skills investment strategies. In this context, we propose an indicator based framework that will firstly measure the significance of

sectors to the NI economy and secondly, identify the skill needs in each of those sectors. Each indicator will be linked to one of the four NI specific productivity drivers - innovation, enterprise, skills and infrastructure - established by the Economic Development Forum in 2004 to identify key sectors of the economy and assess their skills needs. The suggested indicators are as follows:

Indicators of Economic Significance

- Total Employment Size (Number)
- Job Creation/Loss (Number)
- R&D Expenditure per Employee in Employment (£ per employee in employment)
- Proportion of NI Businesses that are Product and Process Innovators (%)
- Export Revenue per Employee in Employment (£ per employee in employment)
- Export Growth (% of sales)
- GVA per Employee in Employment (£ per employee in employment)
- Growth in GVA per Employee in Employment (%)
- No. of VAT Registrations Expressed as a Proportion of the Stock of Existing Businesses (%)
- Count of Foreign Owned Businesses expressed as a Percentage of the Total Stock of Businesses (%)

Indicators of Skill Needs

- Evidence of skill shortages – measured by ‘hard to fill’ vacancies

- % of Establishments
- % of All Vacancies
- Evidence of Skill Gaps – employer’s views of their workforce’s current skill levels and the skill levels required by the organisation.
- % of Establishments
- % of Employment

The data for the indicators of economic significance relate to 2003, the year for which we have the most complete observations. Although we are working with historical data, we are able to assess, at least to some extent, the short to medium term outlook by examining the trend in the data which we assume will continue, at least in the short term. The data for the indicators of skill needs however, refers to 2005 and is taken from the NI Skills Monitoring Survey, published by DEL in October 2006. We have data for 45 sectors, each represented by a 2-Digit Standard Industrial Classification (SIC) code. Missing data records a zero value for that indicator as the absence of data is assumed to represent low or poor performance within that sector. Also, we excluded sectors employing less than 1,000 persons.

Each sector is ranked on a total score based on a weighted average of each indicator. This approach can be described as largely subjective as the weights are based on individual value judgments on the relative importance of each indicator. To examine the sensitivity of the results to changes in weights, we have also examined two other

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ranking methods: a 'neutral' approach whereby all indicators are given equal weights; and an 'objective' approach where the weights are based on Principal Components Analysis (PCA) of the set of indicators.

The Weighting Strategies

For the subjective based weighting scenario we recommended weights for each indicator based on our own value judgements on the relative importance of each indicator. The indicators of economic significance, on which sectors will be ranked according to their performance, are listed below with the weights given in brackets.

- Total Employment Size (0.12)
- Job Creation/Loss (0.12)
- R&D Expenditure per Employee in Employment (0.055)
- Proportion of NI Businesses that are Product and Process Innovators (0.055)
- Export Revenue per Employee in Employment (0.12)
- Export Growth (0.12)
- GVA per Employee in Employment (0.12)
- Growth in GVA per Employee in Employment (0.12)
- No. of VAT Registrations Expressed as a Proportion of the Stock of Existing Businesses (0.05)
- Count of Foreign Owned Businesses expressed as a Percentage of the Total Stock of Businesses (0.12)

Under the subjective weighting scenario the sectors are ranked

by multiplying the standardised value of each indicator by the subjective weight and summing the total. The neutral methodology is similar to the subjective approach although all indicators are attributed an equal weight. The objective methodology, however, is somewhat more complicated in that the weights are derived through the application of varimax rotated Principal Components Analysis (PCA). PCA, a multivariate statistical technique, is effectively a data reduction exercise which reduces a set of indicators into a smaller number of variables that explain a high proportion of the variability in the original dataset.

Top Performing Sectors in terms of Economic Significance

The top performing sectors in terms of economic significance, as identified by the neutral, subjective and objective weighting methods are reported in **Tables 1, 2 and 3**. There is a good deal of consistency, with five sectors present amongst the top ten under each weighting method. These are Manufacture of Radio, Television and Communication Equipment & Apparatus; Manufacture of Office Machinery & Computers; Manufacture of Chemicals & Chemical Products; Manufacture of Machinery & Equipment N.E.C; and Manufacture of Rubber & Plastic Products. A further four sectors were found in common to at least two of the weighting methods: Research & Development and Computer & Related Activities in both the

neutral and objective weighting methods; and Other Business Activities and Manufacture of Pulp, Paper & Paper Products in both the neutral and subjective weighting methods. The neutral and subjective approaches generate the most similar results with a total of seven sectors in common. While the three approaches certainly generate very similar results, from a methodological perspective, they each have strengths and weaknesses. For example the assumption underlying the neutral strategy, i.e. that each indicator is of equal importance in terms of a sectors contribution to the economy, is somewhat unrealistic. Similarly the subjective methodology is based on value judgments which may or may not be correct. The objective approach however is free from these criticisms as it assigns weights to each variable based on the most significant correlations evident in the data. Nevertheless, whilst the objective method may be slightly preferred from a technical perspective, the other two provide a benchmark against which the consistency of the objective approach can be assessed, and certainly any industry appearing at the top of the list in any two of the three ranking methods must be considered to be of importance. Thus, within this context, **Table 4** presents the nine sectors which are common to at least two of the weighting methods. These sectors are ordered according to their average rank position under each approach in which they receive a top ten ranking.



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The Manufacture of Radio, Television & Communication Equipment & Apparatus was ranked highest on performance, followed by Manufacture of Office Machinery & Computers; Research & Development; Manufacture of Chemicals & Chemical Products; and

Manufacture of Pulp, Paper & Paper Products. However, while manufacturing industries tend to dominate the list, non-traded industries such as Other Business Activities and Computer & Related Activities are also represented. A final point worth noting is the fact

that previously identified priority sectors are heavily represented in the analysis with major components of the IT (SIC 72), Electronic Engineering (SIC 30 & 32) and Mechanical Engineering industries (SIC 29 & 34/35) appearing in all three lists (see NIERC 2003, 2002, 2001).

Table 1: Top Ten Sectors of Economic Significance under the Neutral Weighting Scenario

Rank	SIC	Sector Description
1	32	Manufacture of Radio, Television and Communication Equip. & Apparatus
2	30	Manufacture of Office Machinery & Computers
3	24	Manufacture of Chemicals & Chemical Products
4	73	Research & Development
5	72	Computer & Related Activities
6	74	Other Business Activities
7	25	Manufacture of Rubber & Plastic Products
8	21	Manufacture of Pulp, Paper & Paper Products
9	29	Manufacture of Machinery & Equipment N.E.C
10	64	Post & Telecommunications

Table 2: Top Ten Sectors of Economic Significance under the Subjective Weighting Scenario

Rank	SIC	Sector Description
1	32	Manufacture of Radio, Television & Communication Equip. & Apparatus
2	30	Manufacture of Office Machinery & Computers
3	24	Manufacture of Chemicals & Chemical Products
4	21	Manufacture of Pulp, Paper & Paper Products
5	85	Health & Social Work
6	25	Manufacture of Rubber & Plastic Products
7	74	Other Business Activities
8	80	Education
9	40/41	Electricity, Gas & Water Supply
10	29	Manufacture of Machinery & Equipment N.E.C

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Table 3: Top Ten Sectors of Economic Significance under the Objective Weighting Scenario (Principal Components Analysis)

Rank	SIC	Sector Description
1	73	Research & Development
2	32	Manufacture of Radio, Television and Communication Equip. & Apparatus
3	30	Manufacture of Office Machinery & Computers
4	33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks
5	24	Manufacture of Chemicals & Chemical Products
6	34/35	Manufacture of Transport Equipment
7	25	Manufacture of Rubber & Plastic Products
8	72	Computer & Related Activities
9	36	Manufacture of Furniture; Manufacturing N.E.C
10	29	Manufacture of Machinery & Equipment N.E.C

Table 4: Top Nine Sectors of Economic Significance Averaging across all Weighting Scenarios

Rank	SIC	Sector Description
1	32	Manufacture of Radio, Television and Communication Equip. & Apparatus
2	30	Manufacture of Office Machinery & Computers
3	73	Research & Development
4	24	Manufacture of Chemicals & Chemical Products
5	21	Manufacture of Pulp, Paper & Paper Products
6	74	Other Business Activities
7	72	Computer & Related Activities
8	25	Manufacture of Rubber & Plastic Products
9	29	Manufacture of Machinery & Equipment N.E.C

Sectors Experiencing Most Significant Skill Shortages and Skill Gaps

Using a similar approach, we then sought to identify those sectors within the economy experiencing the highest level of skill shortages and skill gaps. This gives us a preliminary indication of the extent to which

the top performing sectors of the economy, as identified in **Table 4**, are likely to be experiencing skill related constraints. As previously stated, the data on skill shortages, as proxied by hard-to-fill vacancies, reflects the extent to which firms are experiencing difficulty in recruiting new labour, while the data on skill gaps gives us an

indication of the extent to which the competencies of existing staff are not sufficient to meet the needs of employers.

As before we have three possible weighting scenarios: however given that in this instance we have just four indicators encompassing what is essentially just two measures of

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skill shortage, it was not feasible to apply any subjective weights on the grounds that there is nothing to suggest, *a priori*, that firms are more adversely affected by either hard-to-fill vacancies or skill gaps. Consequently, only the neutral and objective weighting scenarios are considered in this instance. The PCA analysis (objective weighting scenario) reduced the data to just one component, identifying hard-to-fill vacancies as the principal component and thus attributing it a much higher overall weighting. Both measures of vacancy intensity were given an equal weight within the PCA framework. Turning then to the results of both the neutral and objective scenarios, presented in **Tables 5** and **6**, we can see that both generate very similar results with seven sectors

identified as suffering from skill related problems under both weighting methods. To get a clearer sense of the data, **Table 7** adopts the same approach as in the previous section and orders the seven sectors with a top ten position under both weighting methods by their average rank position. Three of the top nine sectors in terms of economic significance, identified in **Table 4**, (Manufacture of Chemicals & Chemical Products; Manufacture of Radio, Television & Communication Equipment & Apparatus; and Manufacture of Rubber & Plastic Products) are amongst those most constrained by skill shortages. If we extend the analysis further, we find another sector, identified in the top ten under the objective approach (**Table 3**), Manufacture of Transport Equipment, also has significant skill needs. Thus

there are certainly some grounds for concern with respect to the possibility that key sectors may be potentially subject to labour market related growth constraints. There is a clear positive relationship at the industry level between the skill shortages and economic significance indicators and this is illustrated in **Figure 1** which plots the linear relationship derived under the PCA framework.

Concentrating on the sectors listed in **Table 7**, the industry identified as having the greatest skill needs (Manufacture of Transport Equipment), represents a major component of the Mechanical Engineering sector. Also identified is an element of the Electronic Engineering sector (Manufacture of Radio, Television and

Table 5: Top Ten Sectors with greatest Skill Needs under the Neutral Weighting Scenario

Rank	SIC	Sector Description
1	34/35	Manufacture of Transport Equipment
2	75	Public Administration & Defence; Compulsory Social Security
3	24	Manufacture of Chemicals & Chemical Products
4	25	Manufacture of Rubber & Plastic Products
5	32	Manufacture of Radio, Television & Communication Equip. & Apparatus
6	73	Research & Development
7	65-67	Financial Intermediation
8	70	Real Estate Activities
9	45	Construction
10	29	Manufacture of Machinery & Equipment N.E.C

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Table 6: Top Ten Sectors with greatest Skill Needs under the Objective Weighting Scenario (Principal Components Analysis)

Rank	SIC	Sector Description
1	34/35	Manufacture of Transport Equipment
2	24	Manufacture of Chemicals & Chemical Products
3	32	Manufacture of Radio, Television & Communication Equip. & Apparatus
4	25	Manufacture of Rubber & Plastic Products
5	64	Post & Telecommunications
6	75	Public Administration & Defence; Compulsory Social Security.
7	45	Construction
8	70	Real Estate Activities
9	22	Publishing, Printing & Reproduction of Recorded Media
10	40/41	Electricity, Gas & Water Supply

Table 7: Top Seven Sectors with greatest Skill Needs Averaging across all Weighting Scenarios

Rank	SIC	Sector Description
1	34/35	Manufacture of Transport Equipment
2	24	Manufacture of Chemicals & Chemical Products
3	32	Manufacture of Radio, Television and Communication Equip. & Apparatus
4	25	Manufacture of Rubber & Plastic Products
5	75	Public Administration & Defence; Compulsory Social Security.
6	45	Construction
7	70	Real Estate Activities

Communication Equipment & Apparatus) and the Construction industry. As previously indicated, the skills problems and issues within these industries have been previously researched by the PSU. With respect to the mechanical engineering sector, it was found that while the graduate aspect of the labour market was broadly in balance, there was the potential of imbalances at the technician level (NVQ level 3); there were also some skills gaps evident

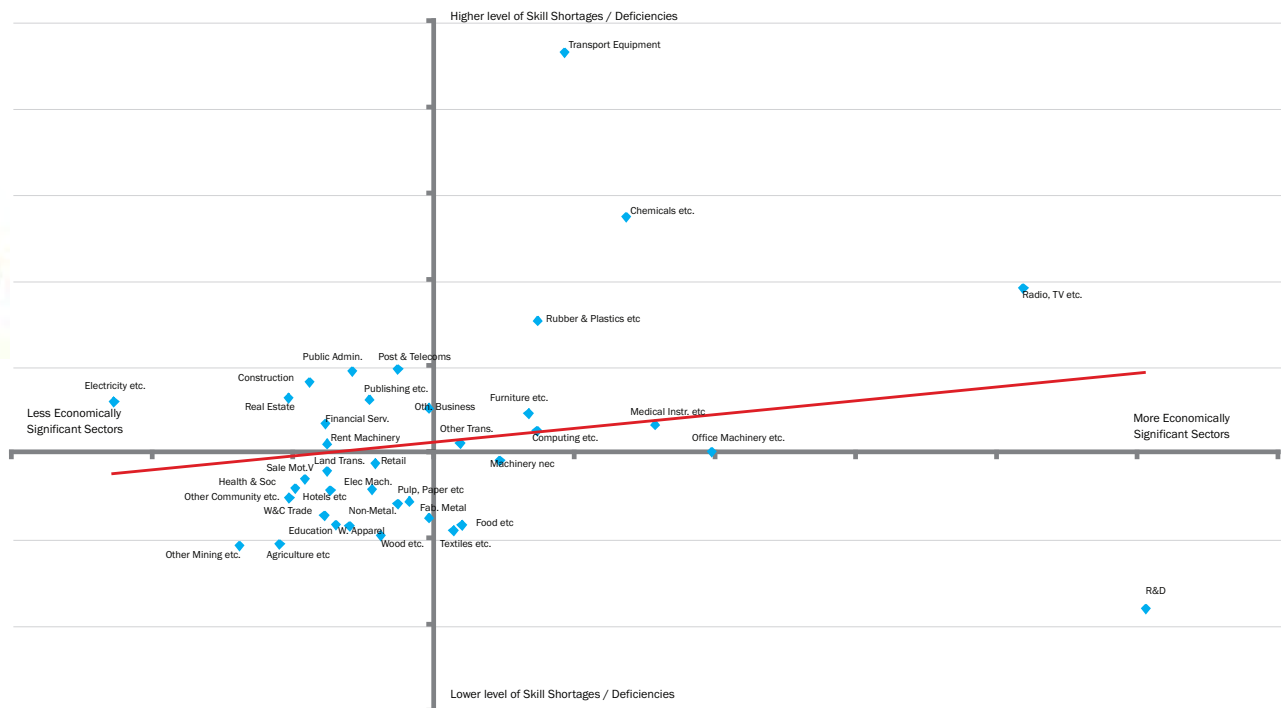
with respect to the basic numeracy and literacy levels of operator level staff. With regards to Electronic Engineering we identified potential shortfalls at both the graduate and technician levels under forecast growth scenarios, however, the industry did experience a substantial slow down following the analyses and it is unclear to what extent these risk factors remain. With respect to skill gaps, problems were identified with the business awareness, IT

and the basic literacy/numeracy competencies of level 3 and 4 technician staff. In terms of the Construction industry, there was a clear need for a more multi-skilled approach to training to accommodate the rise in modular building techniques with some potential shortfalls also identified within some traditional craft areas at the Modern Apprenticeship level.

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Figure 1: Sector Priorities Summary Position (PCA Weightings)



The extent to which policy reacted to addressing these issues following publication of these reports is unknown. However, the SSCs which, have been established to give employers more responsibility in identifying their skill needs, work with, and take advice from, all types of organisations and stakeholders with an interest in skills and productivity, as they develop a forward looking skills and productivity agenda and action plan for the sector which will help deliver skill based productivity improvements. All sectoral issues previously raised by the PSU should help inform this work. The top performing sectors exhibiting evidence of skill shortages and gaps that have yet to be researched are Manufacture of Chemicals and

Chemical Products, and the Manufacture of Rubber and Plastic Products (the R&D sector may also warrant attention despite not being consistently identified within the study). Again, the work of the SSCs will be crucial in supporting any decisions regarding those sectors of highest priority. Finally, it is worth noting that a number of industries from the non-traded sector also appear to be suffering from skill related problems. However, it is possible that the causes of hard-to-fill vacancies in these industries may differ substantially from those occurring in the manufacturing industries i.e. it is quite possible that they could be more a product of labour shortages driven by low wages than genuine skill shortage.

Summary

This report outlines the principal findings of our analysis in terms of the extent to which the sectors making the most substantial contribution to the NI economy are likely to be constrained by skills shortages and gaps. The results suggest that the sectors related to Other Business Activities, Research & Development, IT, Wholesale and Commission Trade, and Retail Trade, and those related to the Electronic, Mechanical and Chemical Engineering sectors are amongst the top performers on the indicators available. Moreover, our analysis produces results consistent with a number of those found in a RoI study which identifies a number of areas with specific growth

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opportunities in Ireland up until 2015, including ICT, Engineering, Consumer goods, Food, Education, Financial Services, Construction, and Professional and Consultancy Services (Enterprise Strategy Group, 2006).

Given that the principal aim of this report is to identify those areas of the economy that may be experiencing skills related constraints, it is quite worrying to find that three of the most economically significant sectors are amongst the top seven sectors suffering from the most significant skills shortages and

gaps. Whilst, a number of those sectors with the greatest skill needs have already been identified and examined in previous PSU reports, there are some others which remain to be investigated, the Manufacture of Chemicals and Chemical Products and the Manufacture of Rubber and Plastic Products. However, it is important that there is some assessment of the adequacy of the policy response in tackling the skill related problems identified under previous sectoral studies. The work currently being undertaken by the SSCs should help in this respect.



FURTHER INFORMATION

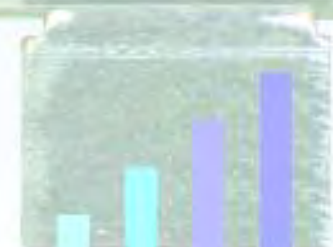
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Work Skills in Northern Ireland: Results from the Employee Skills Survey

Alan Felstead, Cardiff University and Francis Green, University of Kent

This article presents some key findings from the 2006 Skills Survey, an innovative approach to measuring the skills being used in the Northern Ireland economy through a survey of employees, consistent with the “Skills at Work” survey carried out in Great Britain at the same time.

Introduction

The skills of the population are frequently summed up, if rather inexact, by measures of the academic and vocational qualifications achieved by people. But it is well known that qualifications only loosely capture the skills actually used in jobs. Many jobs in all reaches of industry, both in the production and in the service sectors, require the use of computing and other “generic” skills such as communication skills and literacy, which do not always correspond closely to the skills certified by qualifications. To what extent do jobs actually require the qualifications supplied by our education and training institutions, and what skills are being deployed across jobs in the economy? How much are these skills requirements changing in the modern global economy? These are some of the fundamental general questions addressed in a new and different approach to measuring skills in the economy, called the “job requirements approach”. This article outlines some of the key findings from applying this approach to a small but representative sample of jobs in the NI economy.

Methodology

The approach began in 1997 in earnest with an Economic and Social Research Council (ESRC) academic research programme entitled “The Learning Society”. This programme included a survey of individuals in GB,

asking them detailed questions about the general activities that were involved in their work. The survey thus obtained measures of the skills used directly from the people actually doing the jobs. This method complemented other studies which focussed on the views of employers. Since then there have been two further Skills Surveys in GB in 2001 and 2006. The 2006 survey included for the first time a sample of workers in NI, selected through a clustered, randomly-drawn sample, and representative of all jobs. In total 498 employees were included in the NI survey.

One of the key objectives was to be able to compare the skills used in NI with those used in other parts of the UK. Another aim was to lay down a benchmark for the future: any similar surveys in future years will be able, if identical questions are used, to shed light on the changing deployment of skills.

How are skills measured using the job requirements approach? In this survey we have two classes of measure. In the first class of measures, which we call “**broad skills**”, we try to capture the level of skill needed to perform a job through the inputs needed to acquire the skill. This we do in three ways: through the qualifications required for recruitment to the job; through the amount of learning time involved in becoming proficient at the job; and through the cumulative amount of training (post-education) needed for the type of work performed.

Keywords:

Generic skills, qualifications, gender, computer



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In the second class of measures, we aim to capture the “**generic skills**” needed to perform jobs. By “generic” we mean a skills domain which is important in jobs across a range of occupations, as opposed to occupational-specific skills. A prime example of a generic skill, in the modern era, is computing skill, and we treat this separately. We obtain a number of measures of whether and in what ways computers are being used in modern workplaces. Other generic skills are captured by a bank of 45 questions concerning the activities that may or may not be important in the workplace. We use statistical and theoretical analysis to collapse the responses into 13 indices of generic skills as follows:

Literacy Skills: both reading and writing forms, notices, memos, signs, letters, short and long documents etc.

Physical Skills: the use of physical strength and/or stamina; skill in using one’s hands.

Number Skills: adding, subtracting, divisions, decimal point or fraction calculations etc., and/or more advanced maths or statistical procedures.

Technical ‘Know-How’: knowing how to use tools or equipment or machinery, knowing about products and services, specialist knowledge and/or skill in using one’s hands.

Influence: persuading or influencing others, instructing, training or teaching people, making speeches or presentations, writing long reports, analysing complex problems in depth, and planning the activities of others.

Planning: planning activities, organising one’s own time and thinking ahead.

Client Communication: selling a product or service, counselling or caring for customers or clients, dealing with people, knowing about products and services.

Horizontal Communication: working with a team of people, listening carefully to colleagues.

Problem-Solving: detecting, diagnosing, analysing and resolving problems.

Checking Skills: noticing and checking for errors.

Aesthetic Skills: looking and sounding the part.

Emotional Skills: managing own and handling others’ feelings.

Management skills: motivating subordinate staff, controlling resources, coaching, developing careers, strategic decision-making.

Some Key Findings

Broad Skills

The first panel of **Table 1** gives the distribution in NI of one of

our broad skills measures. It shows that three out of ten jobs (30.0%) in NI in 2006 required a level 4 or above qualification for entry – that is, a professional qualification such as SRN in nursing, or an undergraduate or post-graduate degree. However, a quarter of jobs (25.1%) required no qualifications on entry. In other words, there is to some extent a polarisation of jobs, with their skills of more than half of jobs being placed either at the top or at the bottom of the spectrum. We do not show this in the table, but in fact a similar picture is obtained from our other measures of broad skills, so we can be fairly confident of this general description of jobs in NI.

How do jobs in NI compare with those elsewhere in the UK? For this purpose we looked at figures for the UK as a whole, and for the UK other than London and the South East (which might be thought a more useful point of comparison for policy purposes, given the financial and global orientation of London and its surrounding economy). We find that there are only small differences in the estimates for these various regions of the UK. For example, compared with the quarter (25.1%) of jobs in NI that do not require a qualification on entry the figure is 28.1% for the UK as a whole, and 30.0% for the UK minus London and the South East. But given the relatively small sample size, these differences are not statistically different.

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Table 1: Qualification Requirements, Prior Learning Requirements and Use of Computer Skills in NI, the UK (other than London and the South East of England), and the UK, 2006

	NI	UK minus London & South East England	UK
Highest Qualification Required			
	%	%	%
Level 4 or above	30.0	27.2	29.8
Degree	21.2	16.6	18.7
Professional qualifications	8.8	10.6	11.1
Level 3	15.5	16.2	15.7
Level 2	20.6	15.3	14.9
Level 1	8.7	11.3	11.5
No qualifications	25.1	30.0	28.1
Jobs requiring less than one month to learn	23	19.3	19
Jobs requiring "essential" use of computers	41.1	45.4	46.7
Jobs requiring computer use in complex or advanced ways	14.5	19.5	21.4

Source: 2006 Skills Survey

There are also only small differences in our broad skills measure "learning time". Whereas 23.0% of NI jobs took less than one month to learn to do well (and are therefore presumed to be relatively simple and low-skilled), the equivalent figure for the UK as a whole was 19.0%, lower but not statistically different. From this broad skills perspective, then, one can conclude that the skills used in NI jobs are on average at a similar level to those used elsewhere. On the two measures shown, broad skills in NI are higher on one, lower on the other, compared with the UK as a whole, with neither difference large or precise enough to be statistically significant. This conclusion was re-affirmed by our third broad skills measure, not shown in the table.

Computing Skills

Further down **Table 1**, however, in the third and fourth panels, a different picture emerges in respect of computing skills. Hitherto there has been a scarcity of information about just how widespread computer usage is in NI, and how the uptake in NI compares with other parts of the UK. There is, therefore, a strong need for accurate, representative data about computer usage at work. As noted above, computing skills are an important generic skill. Research shows that this skill is scarce and valued by employers in the labour market, and that if anything the value is increasing.¹

We found that about two-thirds of employees (see **Table 3**) used computers at work. However,

computers are not central to the jobs of all those who use them, and some may use them only occasionally. Accordingly, the questionnaire explored whether computing has not only come to affect a wide range of jobs, but also has become more important to the nature of the tasks carried out. A question asks how important 'Using a computer, PC or other types of computerised equipment' was to their job. Taking those who said that the use of such equipment was 'essential' as an indicator of the "centrality" of computer skills to the work task, we find that computer skills are central in this way to 41.1% of jobs in NI. This compares with 46.7% for the UK as a whole, and 45.4% for the UK minus London and the South East.

¹ Green, F., D. Gallie, A. Felstead and Y. Zhou (2007). "Computers and Pay." *National Institute Economic Review* July.

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The measure of centrality covers a wide range of tasks of very different levels of complexity. To address this, another indicator focuses on the level of sophistication with which computers are used. To what extent is computer use at simple levels as against more advanced use? Those who used computers (i.e. excluding those who reported computer use as 'not at all important') were given a set of statements about possible types of use and asked which best characterised their own job. The four broad types of use given were: 'Simple' (for example, using a computer for straightforward routine procedures such as printing out an invoice in a shop); 'Moderate' (for example, using a computer for word-processing and/or

spreadsheets or communicating with others by e-mail); 'Complex' (for example, using a computer for analysing information or design, including use of computer aided design or statistical analysis packages); and 'Advanced' (for example, using computer syntax and/or formulae for programming). We find that 14.5% of workers in NI were using computers at either 'complex' or 'advanced' levels. This compares with 21.4% of workers in the UK as a whole, and 19.5% of workers in the UK minus London and the South East.

All these differences between NI and elsewhere are statistically significant, and we therefore conclude that NI lags somewhat behind the rest of the UK as a

whole in its take-up of this new technology and correspondingly its deployment of computing skills. We also found that the differences remain when the focus is on any given industry (though in only some cases are the base numbers large enough to give clear results). In the Health Industry, for example, it is found that computer use is "Essential" in 23.4% of jobs in NI; this compares with 40.5% of jobs in the UK as a whole.

Generic Skills

Table 2 reveals that the differences between NI and elsewhere also pertain to some of the other generic skills. The generic skills indices shown in the table are the average scores of the responses to the items

Table 2: Distribution of Generic Skills in NI, the UK (other than London and the South East of England), and the UK, 2006

	Literacy	Physical	Number	Technical Know-How	Influence	Planning	Client Communication	Horizontal Communication	Problem-Solving	Checking	Emotional	Aesthetic	Management
NI	2.35‡	1.97	1.84	2.47*	1.99	2.98	2.62	3.01‡	2.86‡	3.09‡	2.84‡	2.47‡	2.81
The UK minus London & SE of England	2.46	1.93	1.85	2.59	2.01	3.03	2.65	3.12	3.01	3.25	2.93	2.63	2.79
UK	2.48	1.87	1.86	2.56	2.04	3.05	2.67	3.13	3	3.24	2.94	2.64	2.78

Source: The 2006 Skills Survey.

Note: The generic skills indices are the average scores of the items in each index, derived from the 2006 data. The item scale ranges from 0 ('not at all important/does not apply') to 4 ('essential')

‡ indicates that the figure for NI is statistically different from the rest of the UK at the 5% level,

* at the 10% level.

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Table 3: Distribution of Computing Skills by Gender and by Full-Time/Part-Time Status, 2006

	Whether Uses Computerised or Automated Equipment	Use of PC or Other Types of Computerised Equipment "Essential"	Complex or Advanced Use of PC/Computers	Use of Internet "Essential" Or "Very Important"
	%	%	%	%
All	68.1	41.1	14.5	34.2
Males	68.2	37.8	18.5	35.2
Females	67.9	44.6	10.3	33.2
Contract Status				
Females Full-Time Jobs	73	50.1	12.4	38.8
Females Part-time Jobs	57.4	33.4	6.1	21.7
Age				
20-39	72.5	42.3	16.6	36
40-65	63.6	39.9	12.4	32.5

Source: 2006 Skills Survey

contained in each index. The item scale ranges from 0 ('not at all important/does not apply') to 4 ('essential'), with a score of 2 corresponding to an average response 'fairly important'.

On average, jobs elsewhere in the UK require higher literacy, technical know-how, horizontal communication skills, problem-solving skills, checking skills, emotional skills and aesthetic skills than those in NI. These differences remain when comparison is made with the UK other than London and the South East of England. However, the use of the other generic skills does not significantly differ between NI and elsewhere.

The differences in the use of generic skills in NI and in the whole of the UK are relatively modest. An idea of the magnitude can be gleaned by

taking the example of aesthetic skills, where the index is 0.17 lower in NI than for the whole of the UK. One of the constituents of aesthetic skills is the importance of 'looking the part'. Looking just at this item, one finds that this particular skill is 'essential' in 18% of jobs in NI, as compared with 23% of jobs in the UK as a whole. Other items mainly show similar differences between NI and elsewhere. These differences could not be explained as due to the different industrial composition of jobs in NI and elsewhere. For example, again with respect to the same item, but looking solely at jobs within the Health industry, one finds that aesthetic skills are 'essential' in 18% of jobs in NI, as compared with 30% of jobs in the UK Health industry as a whole.

Gender and Skill

Table 3 shifts the focus to how computing skills vary differ between groups within NI. Because computer skills are highly valued, they are a potential source of inequality and differentiation among workers in the modern economy. The table shows how four indicators of the use of computing skills vary according to gender, whether (for females) workers are working full-time or part-time, and age.

Participation in computer use for women in NI is quite close to that for men (67.9% compared with 68.2%). However, a greater proportion of women than men report that computers are "essential" for their job (44.6% compared with 37.8%). Conversely, 'complex' or 'advanced' use of computers is

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much less common in women's jobs than in men's jobs (10.3% compared with 18.5%); while use of the internet is very similar among men and women.

With all four indicators, there is more differentiation among women, according to whether they work full-time or part-time. Full-time workers' participation in computer use is 73.0%, compared with just 57.4% for part-timers. Moreover, 12.4% of full-time workers use computers in 'complex' or 'advanced' ways, as compared with just 6.1% of part-time workers. Similarly, 'essential' or 'very important' internet use is 38.8% for full-timers as compared with 21.7% for part-timers. This finding, that among women part-timers' use of skills is considerably lower than that of full-timers, is a recurring theme applying to most of the skills domains examined in our study.

It is frequently assumed that computer use is found most frequently among younger sections of the population, who will have benefited from computer education in school, and perhaps have been more open than older workers to the use of new technologies. Nevertheless, the imperatives of modern working potentially affect all jobs, including those of older workers. In the event, as **Table 3** shows, whether or not one uses a computer in NI depends only to a limited extent on age. 63.6% of workers aged 40 and over participate in computer use, compared with 72.5% of younger workers.

Younger workers are more likely to be using computers at a complex or advanced level (16.6% compared with 12.4%). There is however, no significant difference according to age as regards the centrality of computing.

Conclusion

This article has outlined just some of the key points from our fuller report to the Department for Employment and Learning which gives the first descriptive findings from the survey. The differences between NI and the rest of the UK in the deployment of computing and other generic skills raises issues about both the supply and demand for these skills. In theory, jobs in NI might use lower computing skills because employers have been relatively slow to introduce new technologies. However, one reason for that could be a scarcity in supply of the relevant skills among recruits and hence a reluctance to invest. If so, the implication for policy is to consider further measures to boost the supply of computing skills in schools, colleges and

training institutions. If the reason lies instead on the demand side, the focus needs to be more on finding ways of boosting employer investment in IT. In all likelihood, a combination of the two broad approaches may be required. Discussion on policy implications would therefore need to utilise the findings here as part of a more general picture of skills in NI.

In the course of the next two years additional papers are being prepared on aspects of skills in NI and throughout the UK. It will be possible to access these, and to learn more about the project as a whole, by consulting the site:

<http://www.kent.ac.uk/economics/staff/gfg/>. The survey contains a wealth of detail about skills-related matters that have not been reported in this short article, including the amount of autonomy at workplaces, and the level of, motivation for, and experience of training. The data will be available during 2008 at the UK Data Archive for those wishing to pursue further independent study of any skills-related topic.²

FURTHER INFORMATION

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2 For a report on skills in other parts of the UK, see Felstead, A., D. Gallie, F. Green and Y. Zhou (2007). *Skills At Work, 1986 to 2006*. University of Oxford, SKOPE.

Migrant Workers in Northern Ireland: Data and Research Update

Dave Rogers, Analytical Services, DEL

This article updates last year's LMB article on migrant workers with the current position in NI in four key areas: numbers of migrant workers; experiences of migrant workers; the impact of migrant workers on the NI labour market; and attitudes towards migrant workers

Background

Last year's Labour Market Bulletin reported on the growing phenomenon of immigration to Northern Ireland – particularly from A8 countries that have acceded to the European Union in the past few years¹ – and also on the establishment of the Migrant Worker Sub-Group of the Race Forum that was established and led by DEL². This article updates key information on data and research on migrant workers. This work feeds into discussions of the Data and Research Working Group of the overall Migrant Worker Sub-group. Last year's articles, and the subsequent work of the Data and Research Working group,

identified four key areas for attention:

- **Numbers of migrant workers:** Accurate and timely information on the numbers of migrant workers is an essential underpinning of both policy and service delivery.
- **Experiences of migrant workers:** employment, access to services, language issues, racism etc.

- **The impact of migrant workers on the NI labour market:** eg levels of employment and unemployment; wages; skills gaps; employer experiences etc.
- **Attitudes towards migrant workers:** the response of the indigenous population to migration and migrant workers is also an important factor.

This article will present the current position with regard to all four areas.

Information on Migrant Numbers in NI

The most recent figures published by NISRA (2005/6) show that net in-migration continues to increase (nearly 10,000 more people came to NI in the year to mid-2006 than left); and this followed a year that itself experienced the highest net in-migration (+6,700) recorded in recent times (see overleaf).



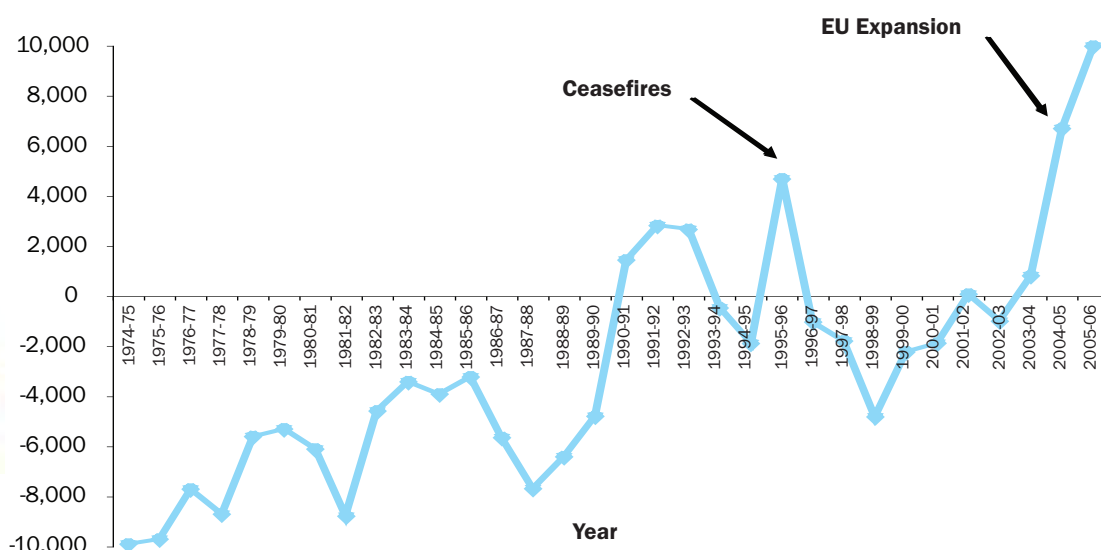
1 The A8 countries are Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Slovenia; and Slovakia. There were some restrictions put on rights to work for nationals of these countries following accession. Cyprus and Malta, which also acceded in May 2004, were not subject to similar restrictions.

2 Labour Market Bulletin #20 (2006), Chapters 29 and 30. Available at www.delni.gov.uk/labour-market-bulletin-20.pdf

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Figure 1: Estimated Net Long-Term Migration (Northern Ireland) 1974-2006



Source: NISRA

Last year's Bulletin contained considerable detail on the derivation of population information on migrants and further information is also available from NISRA's most recent migration publication³ and readers are directed to these sources for more information. However it is worth recapping on a key issue to be borne in mind when considering the number of migrants in genera and migrant workers in particular: that is, there are a number of uncertainties around any figures derived. This is important due to difficulties and complexities surrounding the definitions of migrant workers, and the necessity to use proxies in some instances: these are covered at length in the NISRA paper and in last year's Bulletin article. They can perhaps best be exemplified in a discussion that took place in the autumn of

2007 and involved Frank Field MP and the then Secretary of State for Work and Pensions, Peter Hain MP⁴. Mr Field had claimed that DWP's calculations were incorrect in respect of the number of jobs taken up by migrant workers. DWP's definition of a "migrant worker" in this instance was one who was born outside the United Kingdom: a usage which defined the Secretary of State himself as a migrant worker, despite the fact that he is a British citizen. Such are the difficulties in this area.

Differences and Similarities between the NI and UK/Rol Position

The recent NISRA figures show that net international in-migration almost doubled from 4,700 in 2004/5 to 9,000 in 2005/6. That is, almost all the

net growth quoted earlier as being attributable to in-migration has been due to inflows from outside the UK. More than half (57%) of the net increase took place in the four District Council areas of Dungannon; Newry and Mourne; Craigavon; and Belfast. In 2005/6, population growth in NI was driven more by net in-migration than by natural increase. Thus two years post-accession found NI in a position of moving from almost no net in-migration to considerable in-migration running at around 10,000 per year.

Recent migration figures for the UK as a whole⁵ show that in-migration fell in 2005/6 whilst out-migration grew, producing a net inflow of nearly 190,000 people. A brief examination of the two (UK and NI) datasets shows:

³ NISRA (2007) "Long-Term International Migration estimates for NI (2005-6)" ([www.nisra.gov.uk/archive/demography/population/migration/NI_Migration_Report\(2006\).pdf](http://www.nisra.gov.uk/archive/demography/population/migration/NI_Migration_Report(2006).pdf))
⁴ "Estimates of migrants were too low, admits Peter Hain". Times Online 31 October 2007 www.timesonline.co.uk/tol/news/politics/article2767076.ece
⁵ National Statistics News Release: Population Estimates, 22 August 2007. Available at www.statistics.gov.uk/pdfdir/poest0807.pdf

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- At a UK level, net international immigration fell in 2005/6 to roughly the level of 2003/4 (ie, it returned to broadly the pre-accession position). The 2005/6 figure was a net inflow of 189,000 compared with 262,000 for 04/05.
- In contrast, the NI figure for net international migration in 2005/06 was nearly double (+9,000) that of 2004/05 (+4,700); and much higher than 2003/04 (+400). That is, NI has not returned to the status quo ante but has net-immigration running substantially ahead of the pre-accession position.
- In the UK as a whole, the "narrowing" of the migration gap has been due to a small fall in inflows (-6%) combined with a proportionally larger rise in outflows (+15%)
- In NI in contrast, inflows increased sharply (+33%), although there was a corresponding - though much smaller - rise in outflows (+2%)
- In the UK as a whole, A8 countries accounted for 16% of all non-British inflows. There are no directly comparable data available for NI, although the data published by NISRA on health cards suggest that more than half of the inflows were from A8 countries.

At the same time, the Republic of Ireland has continued to

experience considerable levels of immigration, continuing the pattern established there around ten years ago: in the year to April 2006, net immigration to the Republic of Ireland was 69,000, up from 53,000 in the previous year⁶. In-migration accounted for nearly two-thirds of the total population increase of the state. More than 40% of immigrants were from the new accession countries, with a quarter of all migrants coming from Poland.

Other Information from the Worker Registration Scheme and for Bulgarian/Romanian Nationals

The Worker Registration Scheme (WRS) was introduced in 2004 as a result of certain conditions placed on nationals of the A8 countries to allow them to work in the UK, including in NI. Basically most A8 nationals who wish to enter the UK to work as employees have to be registered by their employers on the WRS. WRS figures to the end of September 2007 show that there were 9,000 applications in 2006, slightly up on 2005, and that the 2007 picture to the end of September was broadly similar to 2006 in NI (UK down slightly). Since the establishment of the WRS in May 2004, NI has accounted for 3.9% of all UK applications (ie higher than its population percentage would suggest).

The main industrial sector for migrant workers was Administration, Business & Management, which accounted for nearly a third (30%) of all A8

employment, although this was smaller than the proportion for the UK as a whole (38%). Manufacturing accounted for nearly a fifth of all employment (17%: UK 7%), and Food etc Processing and Construction form just over a tenth (13% and 11% respectively, cf UK figures of 5% and 4% respectively. Hospitality and Catering accounted for 10% of A8 employment, considerably below the UK figure (19%). Perhaps surprisingly, Agriculture accounted for only 6% of NI employment by A8 nationals: this was considerably below the UK figure of 10%.

Since January 2007, Romanian and Bulgarian nationals have enjoyed limited access to NI/UK labour markets, following their countries' accession to the EU. Only relatively small number of approved applications in UK as a whole in first 9 months for which data are available (just over 2,000). In that time NI received 320 of these (16%): in last two quarters NI has been the joint highest region for applications along with London.

Migrant Workers in the Population

The above discussion has concentrated very much on flows of migrants and migrant workers. However many of the data sources are better at measuring flows in than flows out: and this has implications for any assessment of the number of migrant workers in the population at any one time. To estimate migrant worker



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numbers two key questions have to be answered:

- What definition of – or proxy for – migrant workers is to be used?
- What instrument is to be used to do the measuring?

So the first question boils down to a “who?” question. Defining migrant workers is not easy. This was hinted at above when looking at some of the issues around recent debates at the UK level. The discussion above also pointed to the fact that UK practice is to use “place of birth” as a proxy for migrant status: is those born outside the UK are deemed to be migrants using this definition. The definition has the advantage of being both a reasonable (though not perfect) indicator, and also of being robust: people tend to know where they are born and in general are able to report it straightforwardly. However this is not the only possible proxy for migration.

The UN definition of a migrant worker is “a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national”⁷. – UN 1990. In NI the Thematic Sub-Group on Migrant Workers has developed a similar working definition: “a migrant worker is a person who is not a national of the UK or of the Republic of Ireland and who is engaged in paid work in Northern Ireland”. It has to be acknowledged that this proxy also has substantial

difficulties. Many “migrants” under this definition may have been here for very long periods of time and may in fact have been brought up (or even born) in Northern Ireland. There are also issues about recall of nationality, and willingness to report that will impinge on any calculations here. Also, the UN definition defines a migrant workers as a person who “is to be engaged, is engaged or has been engaged” in employment. The past and future elements of this give rise to very difficult issues, and it is probably best to fall back on current rather than past or putative future status. This has the advantage of simplifying things greatly.

The other question to be answered is “how”? What instrument can we use in NI to try and gain a handle on the size of the migrant worker population? If these data are required on a regular basis, the only realistic answer to this question is the Labour Force Survey (LFS)⁸. There are a number of drawbacks to the use of LFS in this context. These include

- There are relatively small numbers of migrant workers in the LFS sample, and thus there is a fairly high degree of sampling error around the figures.
- LFS is a household survey. Migrants, however defined, may be less likely than the indigenous population to live in private households and be missed by LFS.

- Migrants may experience reluctance or difficulty in taking part in LFS, possibly attributable to language difficulties, or possible concerns about their status (may not be here legally, for example).
- There could be certain design effects with LFS that could result in miscounting. For example here is evidence (see above) that migration is not evenly spread across NI at District Council level. At the micro-level, migrants are very likely to be clustered and thus may be undercounted (or, in certain circumstances overcounted) by the sampling procedures used in LFS.
- Even if overall migrant worker figures are available, there are significant difficulties in breaking down the figures further, owing to small sample sizes. This renders it very difficult to give, for example sub-NI breakdowns of the migrant population; information on characteristics (including nationality) of migrants etc.

The latest LFS central estimate, which relates to the period July-September 2007, shows that the central estimate of the number of non UK/Irish nationals in the working age population is 44,000, whilst the number in employment was 39,000. Using the “place of birth” criterion gives a figure of 46,000 non UK/Irish born workers in NI. These figures will, as stressed above, be subject to sampling error.

7 United Nations (1990) International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

8 For details about LFS see the website of the Department of Enterprise, Trade and Investment www.detini.gov.uk

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Using these figures as a proxy for migrant workers would suggest that approximately 5% of the NI workforce in mid-2007 comprised migrant workers. Discussions will be continuing within the Data and Research Working Group and within government to see how this issue can be progressed further.

Experiences of migrant workers

Last year's Bulletin article outlines a considerable body of work that had been carried out in GB and Ireland and also detailed research within NI – principally that by the Institute of Conflict Research and by Animate. Despite this, there is no holistic view of the experience of migrant workers in NI. The Data and Research Working Group has approved a survey of migrant workers to be undertaken to fill this gap: this work is in the process of being put out to tender as this article is being prepared and it is expected that researchers will be appointed in Spring 2008. The study will interview migrant workers about their experiences within NI and in their home country; and will also focus on their aspirations, mainly concentrating on labour market issues. Gaining an appreciation of migrants' future intentions will be a crucial piece of information in developing policies in relation to skills and training. Information sought will include qualifications; work history in country of origin; motivation to come to NI; work being done in

NI; medium and long-term aspirations. It is anticipated that work will start in Spring 2008 with results being available early 2009.

Another issue that has been identified by the Data and Research Working Group is that of access to services. This has raised question about the availability or otherwise of monitoring information with respect to migrants relating to the uptake and delivery public services and this work will be progressed over the coming year.

Labour Market and Employer Perspectives

Last year's Bulletin article reviewed the evidence to data and concluded that, although evidence was limited at an NI level, what was available from work at UK and RoI level suggests that migrants have generally positive impacts on the economy and labour market, for example growing employment, filling of skills and labour gaps by migrants; although there were a number of potentially negative impacts, such as depressed wages; unemployment in indigenous population; exploitation of migrants themselves etc.

The current NI labour market position shows that employment has continued to grow considerably since the accession of the A8 countries (up 60,000 since 2004)⁹. At the same time, unemployment has fallen (down 8,000 since 2004). Also, until

this year median private sector wages rising more strongly than UK as a whole. These figures do not suggest any serious negative impact on the NI labour market: in contrast they suggest that migration has helped the labour market and the economy to grow.

However there are caveats to this. First, earnings may have grown: but from a low base. NI median wages in the private sector are still only 82% of the UK as a whole: and in NI, earnings growth stalled in 2007. Despite this levelling-off of private sector median wages, the data showed rises in all occupational groups. It is not possible to be definitive without more detailed analysis (and more data), but there remains the possibility that this phenomenon is due to a rise in low-wage jobs; which may in turn be related to migration.

The inward and outward moves of migrants has significant labour market and economic implications: for example in meeting skills gap/shortages – both current and future. Understanding labour market impacts is crucial to enable optimal decision-making not only around what to do now, but especially how to plan for future skills provision. This is of interest to DEL's Skills Expert Group as well as the Data and Research Working Group, and terms of reference are currently being constructed for a review of labour market and economic impacts of migration to NI.




⁹ Source for figures in this section: Labour Force Survey; Annual Survey of Hours and Earnings www.detini.gov.uk

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Attitudes towards Migrant Workers



Public perceptions of migrants is important – they will in part reflect the position that employers and service deliverers will encounter when assessing their relationship with migrant workers and the interactions between migrant workers and their staff/customers. Also there is a need to take cognisance of public opinion in the policy development context

With these factors in mind, DEL commissioned a series of questions in NISRA's Omnibus survey, and the results of these are reported in the next chapter of the Bulletin (Chapter 11).

Conclusion

Last year's Bulletin recorded the fact that we had a lack of data and research that was available on both the extent of migration into NI and its impact on the local economy, labour market – and indeed society. It is clear that the information is getting better – and also that the high levels of immigration experienced in the immediate wake of the accession of the A8 countries was not just a one-off but has been sustained over a period of time. The research currently in train should better equip us by giving policy-makers and service deliverers more and better information about the issue.

Public Perceptions of Migrant Workers

Dave Rogers, Analytical Services, DEL

This article reports the main findings from a survey of public attitudes towards migrant workers in NI which was carried out in early 2007. The questions included views on people's perceptions of the impact of migrant workers on the labour market, economy, and public services; and on possible prejudice towards migrant workers.

Introduction

Since the accession of the A8 countries¹ to the EU in 2004 there has been a dramatic increase in the level of migrant workers arriving in NI. While there is general acceptance that migrant workers have made a positive contribution to the economy and society, there are indications that public profile of migrant workers was an issue, for example as indicated by the incidence of racially-motivated attacks, some of which involved migrant workers as victims.

In recognition of the significance of the problems faced by migrant workers and the implications of substantial numbers of migrant workers on society and on the provision of services, the NI government agreed that the Race Equality Forum was best placed to co-ordinate work on this issue. A thematic sub-group, chaired by the Department for Employment and Learning, was established in June 2006 and was tasked to produce a strategy and action plan. One of the recommendations in the Action was that research should be undertaken into the public's perception to migrant workers in NI. As a result, DEL sponsored a series of questions in the NI Omnibus Survey on attitudes to migrant workers. For more information on the work of the thematic sub-group and on migrant workers in general, see Chapter 10 of this Bulletin.

The Northern Ireland Omnibus Survey

The NI Omnibus Survey is a sample survey conducted several times a year by the Central Survey Unit of the Northern Ireland Statistics and Research Agency (NISRA) and is designed to provide a snapshot of the behaviour, lifestyle and views of a representative sample of people in NI. Fieldwork for this survey took place in the period 15th January to the 16th February 2007.

The survey comprises two parts: core questions about the respondents and their individual circumstances, and a variety of mainly attitudinal questions commissioned by clients.

The sample to be surveyed is drawn from the Valuation and Lands Agency list, the most up-to-date listing of private households in NI. At each address one person aged 16 or over was selected to participate. 1,211 interviews were achieved from an eligible sample of 1,993 individuals, giving a response rate of 61%. The sample is designed to be representative of the population of the NI adult population. Further information relating to the sample can be found in the main Report.²



1. The A8 countries are Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Slovenia; and Slovakia. Some restrictions were placed on the right to work in the UK by nationals of these countries following accession. Cyprus and Malta, which also acceded in May 2004, were not subject to similar restrictions.

2. Available on the DEL website
www.delni.gov.uk/delmigrantworkersreport.pdf

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Findings

Some of the key findings from the Omnibus Survey are:

Contact with Migrant Workers

Just under half (49%) of respondents reported coming into contact with migrant workers at least once a week; on the other hand, nearly two fifths (38%) reported “rarely” or “never” having contact. Around three-fifths 58% of young people (aged under 25) reported having at least weekly contact, similar to the 25-44 age group (59%). The corresponding figure for 45-54 year olds was 46%, and for the 65 and over, 23%. A small proportion of the sample (2%) reported being migrant workers themselves.

Attitudes Towards Migrant Workers

Respondents were asked about their assessment of the general feeling towards migrant workers of people in NI; and non-migrants were asked about their own attitudes.

- Nearly a quarter (24%) of respondents think that NI people were very prejudiced towards migrant workers, whilst a further 60% feel that NI people are a little prejudiced. Only 12% said that they thought that NI people were not prejudiced at all. There were only minor differences between responses of those of different age, gender and community background.

- In contrast to their assessment of the views of NI people as a whole, only a small proportion of respondents (3%) reported that they were very prejudiced towards migrant workers themselves. Just over a quarter (28%) reported themselves as being a “little prejudiced”. Two-thirds (68%) reported themselves as being “not prejudiced at all”.

Migrant Workers, the Economy and Jobs

Respondents were asked whether they thought that migrant workers benefit the NI economy or not; whether they think that migrants are harder working than locals and prepared to work for lower wages; and whether they consider that migrants take up jobs that local workers don't want and if they take jobs away from local people.

- Around half (49%) of respondents agree or strongly agree that migrant workers are generally good for the local economy: 22% disagreed with this, with just over a quarter (27%) neither agreeing or disagreeing. 20% of those in paid employment thought that migrant workers did not benefit the local economy compared to 30% of those not in paid employment.
- The majority (59%) of respondents agree or strongly agree that migrant workers are more hard

working than local workers: only 7% disagree.

- Three-quarters (76%) of respondents think that migrant workers mostly take up jobs that locals don't want and nearly half (45%) feel that migrant workers take jobs away from people who were born in NI: just over a third (37%) disagreed. 43% of those in work thought that migrants took jobs away from locals: the corresponding percentage for those who were not working was 50%.

Services, Benefits, and the Law

Respondents were asked about their views of the impact of migrant workers on services; the extent to which they felt that migrants came here to avail of social benefits; and whether they were more law-abiding than locals or not.

- There is some concern that migrants put a strain on services: 63% of respondents agree or strongly agree that this is the case, with only 16% disagreeing.
- A quarter (25%) of respondents agree or strongly agree that migrant workers come to NI just to get social security benefits, although a higher proportion (41%) disagree with this statement.
- One-fifth (20%) of respondents consider migrant workers were more law abiding than locals –

Public Perceptions of Migrant Workers

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although 35% took a contrary view.

Restrictions on Migrant Workers

With the accession of Romania and Bulgaria to the EU in January 2007, the UK government introduced more stringent controls that were put into place when the A8 countries joined nearly three years previously. There are also controls in place on those entering from outside the EU. As part of the survey, people were asked whether government should place more restrictions on migrant workers; fewer restrictions; or whether the current arrangements were about right. Just over half of respondents (52%) were in favour of greater restrictions, whilst a third (33%) felt that the current arrangements were about right. Only 7% of respondents thought that there should be fewer restrictions on migrant workers coming to the UK.

Responses to the questions are presented in the report broken down by age group; gender; religion; socio-economic group; employment status; economic activity; highest educational qualification; urban/rural split; and by area (Belfast; East of NI; and West of NI). There are some differences³ in responses by different groups, as exemplified by responses to this question:

- Younger respondents (those aged under 25) are less likely to think that government

should place more restrictions on migrant workers (39%) than older respondents (54% for those aged 25-44; 55% for those aged 45-64; and 53% for those aged 65 and over);

- Males (56%) are more likely⁴ than females (49%) to want more government restrictions on migrant workers, whereas Catholics (42%) are less likely than Protestants (60%) to want greater restrictions;
- 42% of respondents from the managerial and technical social group favour greater restrictions compared to 64% of skilled manual workers;
- Half (50%) of those in paid employment want greater restrictions: but three-fifths (60%) of those not in paid employment want more restrictions. The results were similar for economic activity (ie economically active respondents less likely to want more restrictions);
- Just over a third (36%) of those with a degree wanted greater restrictions compared to 56% of those without qualifications. However the pattern was not simple – 54% of those with higher

education (other than a degree) also wanted greater restrictions;

- There was no difference⁵ between respondents from urban and rural areas – 51% of those from urban areas wanted greater restrictions compared to 53% of those from rural areas;
- There does appear to be a difference by geography – only 44% of those from Belfast wanted greater restrictions compared to 55% of those from the East of NI and 51% of those from the West of NI⁶.

The Northern Ireland Life and Times Survey

The Northern Ireland Life and Times Survey (NILT), conducted in 2006, asked a series of questions about attitudes towards minority ethnic communities in NI. Some of these questions also asked about attitudes towards migrant workers. The results from NILT were broadly compatible with the findings of the Omnibus Survey. Further details on NILT can be found at www.ark.ac.uk/nilt

FURTHER INFORMATION

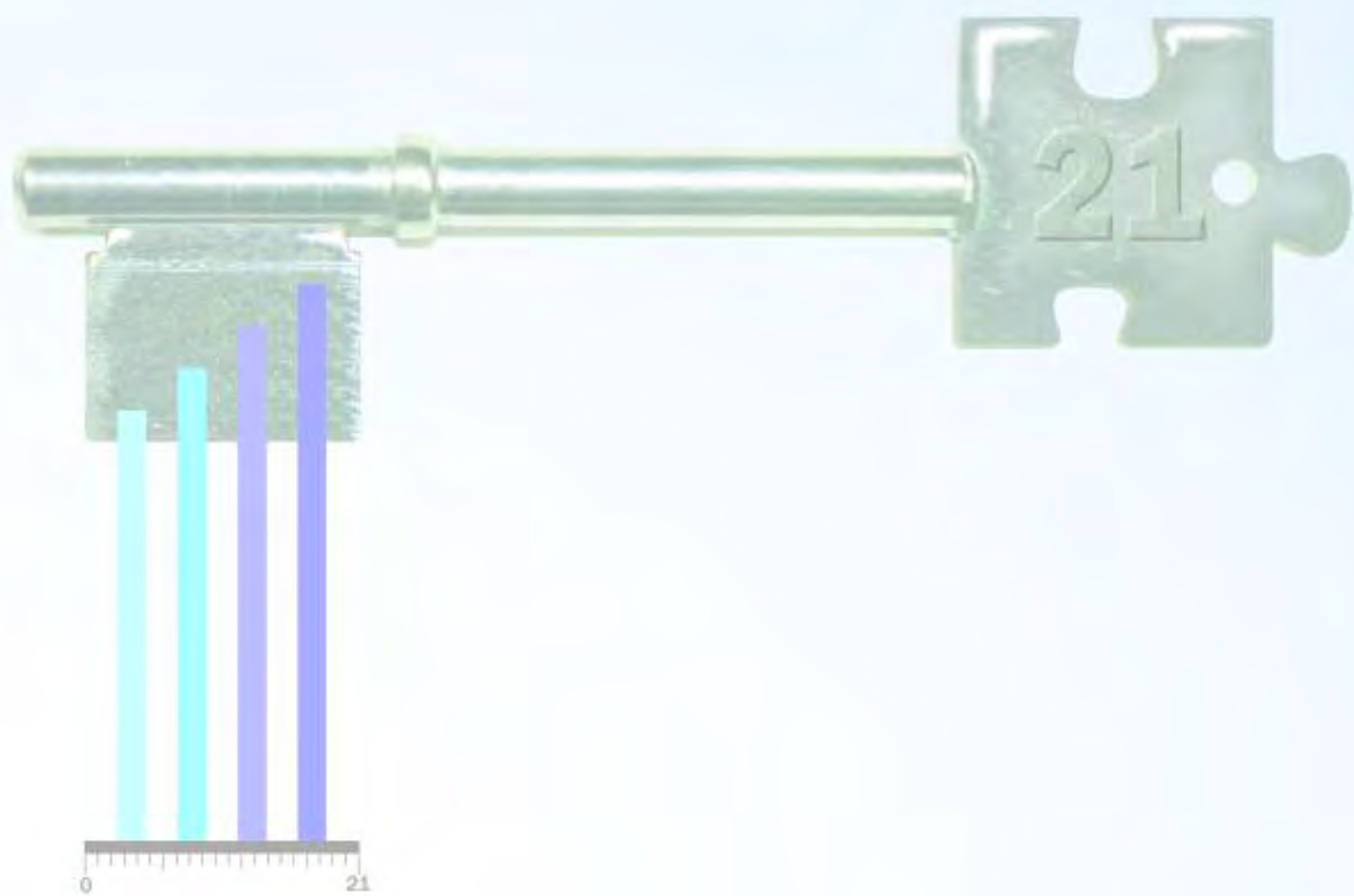
Full details of the results can be found on the DEL website by following the link: www.delni.gov.uk/delmigrantworkersreport.pdf

3 Differences are statistically significant at the 99% level unless indicated otherwise

4 Significant at 95% level

5 Urban/rural difference is not statistically significant

6 The difference between Belfast and the East of NI is statistically significant at the 99% level. However the difference between Belfast and the West of NI is only significant at the 90% level. There is therefore a 10% possibility that this difference is due to chance



Flexible Working Patterns: Comparison of Employee and Employer Surveys conducted in 2003 and 2006

Kathryn Wilson, Analytical Services, DEL

The article gives details of survey findings on employer and employee views about, and experience of, flexible working patterns. This research compares findings from surveys conducted in 2006 with those conducted in 2003 in order to assess the level of change following the introduction of new rights for parents in 2003.

Background

In April 2003 the Department for Employment and Learning (DEL) introduced a new right for parents of children under the age of six, and of disabled children under 18, to make a request of their employer to work flexibly. The new law placed employers under a duty to consider seriously such requests, which they could decline only for sound business reasons. The aim of the policy is to support working parents in balancing their work and family responsibilities, and is a key element of a wider programme of 'family-friendly' measures introduced at the same time, including improved paid maternity leave, and new paternity and adoption rights.

Purpose of the Research

DEL commissioned research during 2003 on the attitudes of both employers and employees towards flexible working practices, and on the extent to which these were in use. Findings of the research were published in the 'Flexible Working Employees and Employers Survey'¹.

Against this background it was proposed that the impact of the 2003 flexible working law could be measured by way of later comparative research. During 2006, therefore, the Department commissioned the follow-up research to establish the impact of the 2003 flexible working law on employees and employers,

the results of which were published in 'Flexible Working Patterns: Comparison of Employee and Employer Surveys conducted in 2003 and 2006'². This article gives a summary of the findings of that report.

Methodology

The Employee Surveys, incorporated as modules within the NISRA Omnibus Survey³, were conducted during April - May 2003 and January - March 2006. For each survey a sample of 2,200 addresses was drawn from the Valuation and Lands Agency list of addresses. One person (16 years old or over) from each household was randomly selected as the respondent for that address. The respondent was then asked to complete an interview, resulting in a final sample size of 1,043 for the 2003 Employee Survey and 945 for the 2006 Employee Survey.

During June and August 2003 and again during June 2006 the Central Survey Unit (CSU) carried out a survey of employers. In each survey a sample of 1,900 businesses was selected from the BT Business Database throughout NI and a computer assisted telephone interviewing questionnaire procedure was conducted. In total, productive interviews were obtained from 1,009 businesses in the 2003 survey and 956 businesses for the 2006 survey.

Figures in this report are based on sample surveys of employers



1 The 'Flexible Working Employees and Employers Survey' (December 2005) can be found at <http://www.delni.gov.uk/docs/pdf/FWSurveyFinalReport2005.pdf>
2 The 'Flexible Working Patterns: Comparison of Employee and Employer Surveys conducted in 2003 and 2006' (March 2007) can be found at http://www.delni.gov.uk/flexible_working_patterns_-_comparison_of_employee_and_employer_surveys_conducted_in_2003_and_2006.pdf

3 Details of NISRA Omnibus Survey can be found at <http://www.csu.nisra.gov.uk/surveys/survey.asp?id=6&details=0>

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and employees. They are not derived from the whole population of employers and employees and as such are subject to sampling error. Thus a degree of caution should be exercised when comparing figures in the report as some of the reported differences may not be statistically significant.

Employee Survey

Flexible Working Requests

In the two years previous to the 2003 survey 12% of employees

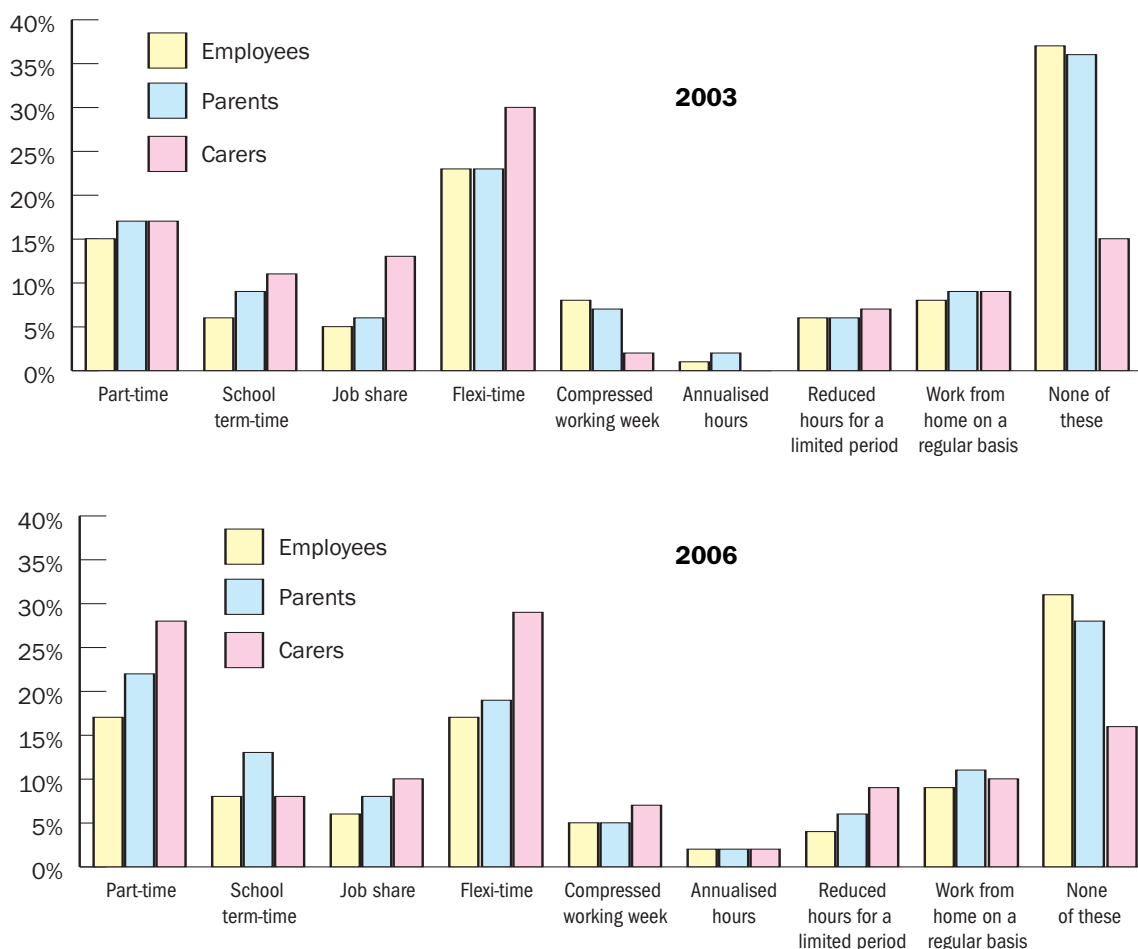
had approached their employers to make a request to change how they regularly worked for a sustained period, this is consistent with 11% in the 2006 survey. In the first survey 75% of requests were agreed to, this was similar to the 73% of requests that were agreed fully and a further 5% that were partly agreed to in 2006. In both surveys the most common types of flexible working requests were to work part-time, reduced hours, or flexi-time.

Desired Flexible Working Arrangements

Employees who were not happy with current working arrangements were asked what other arrangements they would prefer, **Figure 1** illustrates their responses.

The most common response in both surveys was no preference for any particular option (37% and 31%). In 2003 flexi-time (23%) was the most desired flexible working arrangement, followed by working part-time (15%). In 2006 flexi-time and part-time were equally desired (both 17%).

Figure 1: Flexible Working Arrangements desired by all employees, parents and carers who were unhappy with current arrangements in 2003 and 2006.



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In both 2003 and 2006 (24% and 25% respectively) females had a greater desire to work part-time than their male counterparts (7%, 10%). Parents were most likely to desire flexi-time (23%) in 2003, in comparison to part-time hours (22%) in 2006. Flexi-time remained the most desired arrangement for carers⁴ in both surveys (30% in 2003⁵ and 29% in 2006).

Working annualised hours was the least favoured flexible working arrangement in both 2003 (1%) and 2006 (2%). It was also least favoured by parents and carers.

All respondents were asked why flexible arrangements were not favoured. In both surveys they were most likely to state they were happy with current

arrangements (45% in 2003 and 46% in 2006). This finding is somewhat confusing, as earlier in the survey this group had passed up the opportunity to indicate that they were happy with arrangements: it is possible that some respondents allowed other factors to influence their responses.

Financial reasons (29% in 2003 and 32% in 2006) were the next most prominent motivation. This was followed by the view that the employer would not allow the particular working pattern indicated (24% in 2003 and 17% in 2006).

Availability of Flexible Working Arrangements

Working part-time was the most widely available flexible working

arrangement in 2003 (51%) and 2006 (49%). This was followed by flexi-time (31% in 2003 and 30% in 2006). Females were approximately twice as likely (69% in 2003 and 63% in 2006) than males (33% in 2003 and 32% in 2006) to state that part-time arrangements were available to them.

Parents' responses closely mirrored those of the wider group of all employees in both surveys, with 51% in 2003 and 53% in 2006 stating part-time hours and 32% in 2003 and 30% in 2006 stating flexi-time. Carers also stated that part-time arrangements (76% in 2003 and 61% in 2006) were the most available flexible working arrangement.



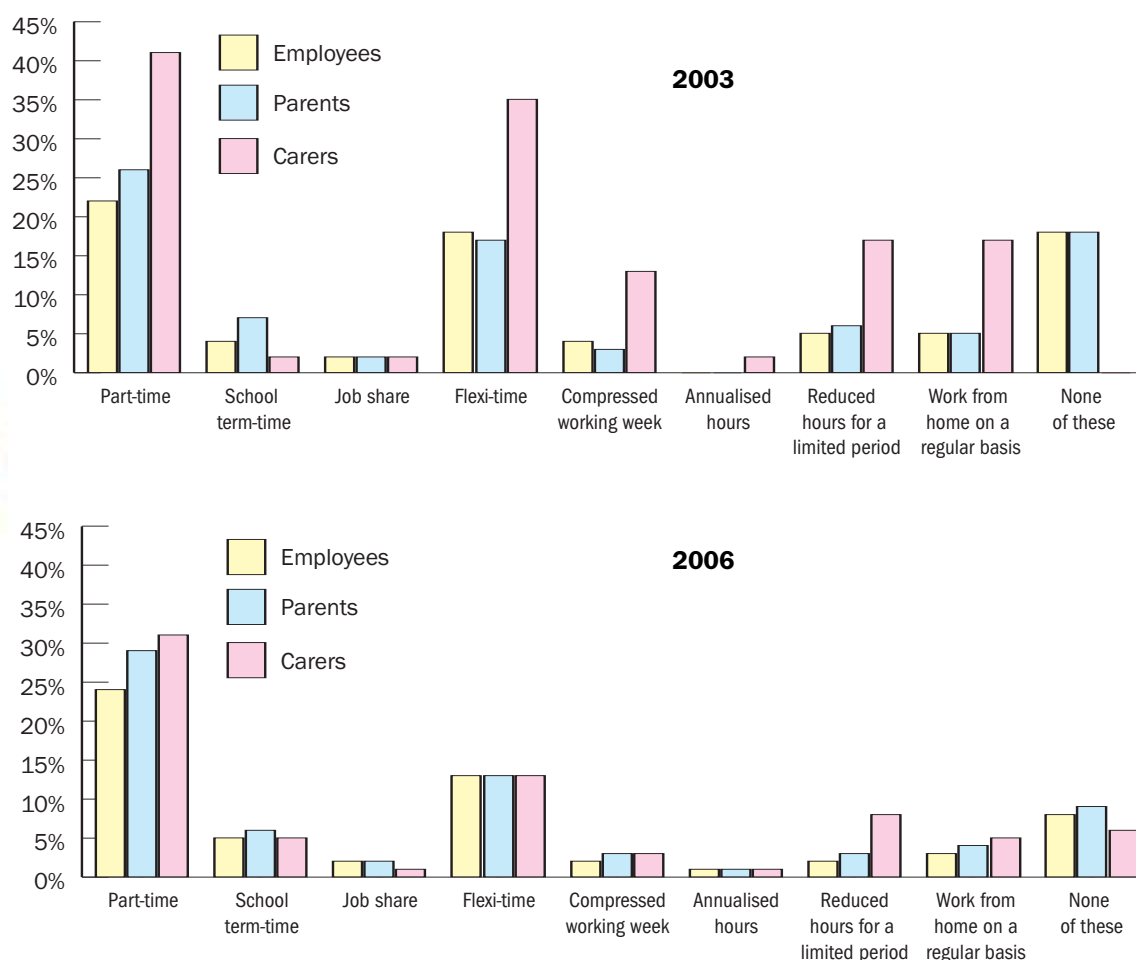
⁴ As a carer's variable had not been established in 2003, definitions of a carer differ slightly between the surveys, therefore observations in this regard should be treated with some caution.

⁵ Sample size less than 100, thus percentages quoted in relation to these practices should be treated with caution.

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Figure 2: Practised flexible working arrangements of employees, parents and carers in the year previous to the 2003 survey and the year previous to the 2006 survey.



Practiced Flexible Working Arrangements

Figure 2 shows the practiced working arrangement of all employees, parents and carers. Part-time hours was the most often practiced flexible working arrangement in the year previous to both the 2003 and 2006 surveys (22% and 24% respectively). This was followed by flexi-time (18% and 13% respectively). Males were less likely to work part-time in both 2003 and 2006 (8%, 12%) than their female counterparts (35%, 32%).

Over one quarter of parents worked part-time in both 2003 (26%), and 2006 (29%). As in 2003, 2006 saw more parents (29%) than employees generally (24%) or non-parents (19%) working part-time hours. The percentage of carers who worked part-time hours decreased from 41% in 2003 to 31% in 2006.

Over a third of employees in 2003 (36%) and 2006 (35%) thought that working reduced hours would have a negative affect on their career prospects. Males were more strongly of this

opinion (42%) than females (29%) in 2003 and the gender gap widened to 44% and 27% respectively in 2006.

In total 84% of all employees stated that they were currently satisfied or very satisfied with their overall working arrangement in both surveys. Likewise 82% of parents in 2003 and 81% in 2006 were either satisfied or very satisfied with their overall working arrangement. The percentage of carers who were either satisfied or very satisfied rose from 81% in 2003 to 86% in 2006.

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Promotion of Flexible Working Practices

There was an increase over the three year period from 66% to 68% in the proportion of employees who agreed that their manager did enough to promote flexible working practices.

From 6th April 2003, employers legally have had to consider requests to adopt flexible working practices from parents with young children under the age of six or from parents of those under 18 with disabilities. Awareness of this particular right rose between 2003 (53%) and 2006 (56%), a change that was not statistically significant⁶.

Attitudes towards Flexible Working Practices

Overall there were no major differences between the attitudes of employees in 2003 and 2006 regarding flexible working practices. Employees were most likely to agree in both 2003 (94%) and 2006 (95%) that 'people work best when they can balance their work and other aspects of their lives'. Approximately three quarters of employees (74% in 2003 and 75% in 2006) agreed that 'everyone should be able to balance their work and home lives in the way they want'.

In excess of a third of employees (34%) in 2003 and (28%) in 2006 stated that greater flexibility in working arrangements was the single option, if anything, that their

employer could provide for them to personally achieve a better work life balance'.

The percentage of employees who agreed that 'employers should make a special effort to accommodate the particular difficulties parents of young and disabled children face in balancing their work and family life' slightly decreased from 87% in 2003 to 85% in 2006. This difference was not statistically significant⁷. In 2006 84% of employees agreed that 'employers should make a special effort to accommodate the particular difficulties carers of dependant adults face in balancing their work and family life'. (This question was not asked in 2003.)

There was a slight decrease in the percentage of employees, from 63% to 60%, who agreed that they 'must not expect to be able to change their working pattern if doing so would disrupt the business'. Conversely there was a slight increase from 34% to 37% between the two surveys in the percentage of employees who agreed that 'it's not the employer's responsibility to help people balance their work with other aspects of their life'.

Employers

Provision of Flexible Working Arrangements

In 2003 87% of employers said that they provided one or more flexible working practices to their employees; this increased to

90% in 2006. Smaller businesses with 5-9 employees in both 2003 (17%) and 2006 (18%) were more likely than businesses with 50 or more employees (6% in both surveys) to have no flexible working practices in the workplace.

Part-time working was the most common type of flexible working practice available from employers in the twelve months prior to both the 2003 (83%) and 2006 (86%) surveys. Flexi-time was the next most commonly available arrangement, with 26% offering it in 2003 and 28% in 2006. The least common flexible working practices in 2003 were working a compressed working week and working from home (both 7%). In 2006 the latter was also the least common (4%).

In those companies which stated that they did not use particular flexible working practices, the managers were asked why these practices were not available. The most likely response in both 2003 (68%) and 2006 (75%) was that such practices were not feasible or were incompatible with the nature of their work. In 2003, over half of employers (52%) said that there was no demand from their employees for this type of work. This figure fell to 37% in 2006. This difference was statistically significant⁸.

Attitudes Towards Flexible Working Practices

Overall there were no major differences between the attitudes of employers in 2003



⁶ Not significant: $p=0.162$

⁷ $p=0.193$

⁸ $p<0.001$ (The difference is 99.9% likely to be real rather than a result of chance)

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and 2006 regarding flexible working practices. The majority of employers (92%) in both 2003 and 2006 agreed that 'people work best when they can balance their work and other aspects of their lives'. Seven in ten employers in both surveys agreed that 'everyone should be able to balance their work and home lives in the way they want'.

The percentage of employers who agreed that 'employers should make a special effort to accommodate the particular difficulties parents of young and disabled children face in balancing their work and family life' decreased from 87% in 2003 to 82% in 2006. This difference was statistically significant⁹. The additional question asked only in the 2006 survey found that 82% of employers agreed that 'employers should make a special effort to accommodate the particular difficulties carers

of dependant adults face in balancing their work and family life'.

There was also a slight decrease, from 66% to 63%, in the percentage of employers who agreed that they 'must not expect to be able to change their working pattern if doing so would disrupt the business'. This difference was not significant¹⁰.

There was a statistically significant¹¹ decrease from 31% to 26% between the two surveys in the percentage of employers who agreed that 'it's not the employer's responsibility to help people balance their work with other aspects of their life'. This contrasted with the increase in the percentage of employees who agreed with this statement.

Benefits from Providing Flexible Working Practices

In 2003 and 2006, 68% and 69% of employers said that flexible working arrangements had a positive effect on employee relations. Approximately half of employers said that flexible working practices had a positive effect on labour turnover, absenteeism, productivity and recruitment in both 2003 and 2006.

In both surveys it was found that businesses that do not offer flexible working practices do not feel that such a provision would have a positive impact on absenteeism, labour turnover, productivity and recruitment, whereas those businesses that do offer such practices are much more likely to feel they have a positive impact in these areas.

9 p<0.001
10 p=0.134
11 p=0.001

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Employer and Employee Perceptions

This section summarises the key findings among employers and employees. **Figure 3** shows the difference in their perceptions, comparing the flexible working practices that were currently provided or available to employees against the flexible working practices that employees believed were available to them. However these results should be approached with due care and attention as other factors could influence responses.

83% of employers in 2003 and 86% in 2006 stated that part-time working was currently being used or was available to employees in their workplace whereas only 51% and 49% of employees stated that part-time arrangements were available.

The percentage of employers who stated that they provide flexi-time (26% in 2003 and 28% in 2006) was less than the percentage of employees who believed that flexi-time was available to them (31% and 30% respectively). In 2003 the difference between employers

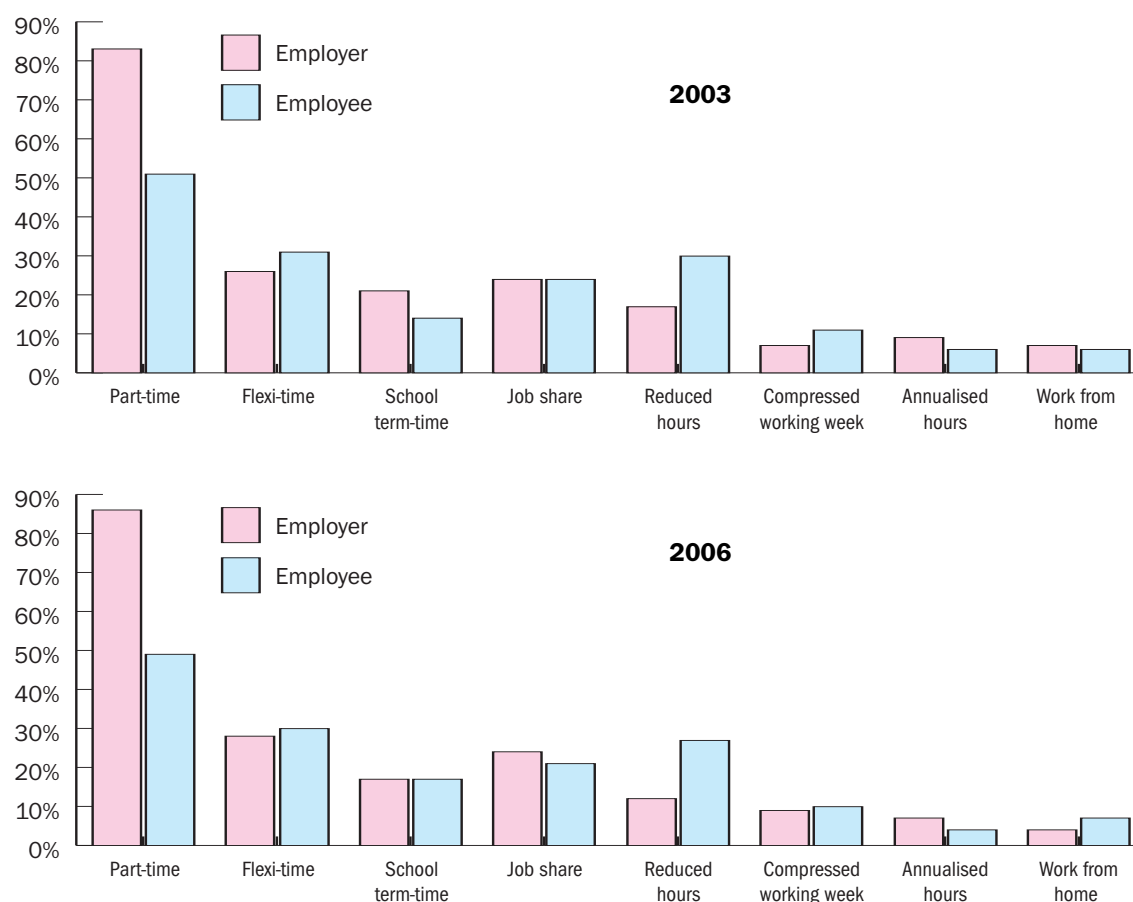
and employees was statistically significant¹²; however the relationship was not statistically significant¹³ in 2006.

Even though part-time working arrangements were the most common flexible practice provided by employers (83% in 2003 and 86% in 2006), when asked what they desired rather than what was available to them only 15% and 17% of employees wanted to work in this way.

On the whole, there was little difference between employee and employer attitudes towards



Figure 3: Available flexible working practices provided by employers and the flexible working arrangements that employees stated are available to them in 2003 and 2006



12 $p = 0.009$
13 $p = 0.317$

Flexible Working Patterns: Comparison of Employee and Employer Surveys conducted in 2003 and 2006

Kathryn Wilson, Analytical Services, DEL

flexible working practices. Largely the trends between the two surveys were mirrored between employees and employers, for example the percentage of employees who agreed that they 'must not expect to be able to change their working pattern if doing so would disrupt the business' decreased from 63% to 60%, and the percentage of employers decreased from 66% to 63%. In both cases the differences were not statistically significant¹⁴.

Contrary to this, the percentage of employees who agreed 'it's not the employer's responsibility to help people balance their work with other aspects of their life' rose from 34% to 37% which was not statistically significant¹⁵, whereas the percentage of employers decreased from 31% to 26%'; a result that was

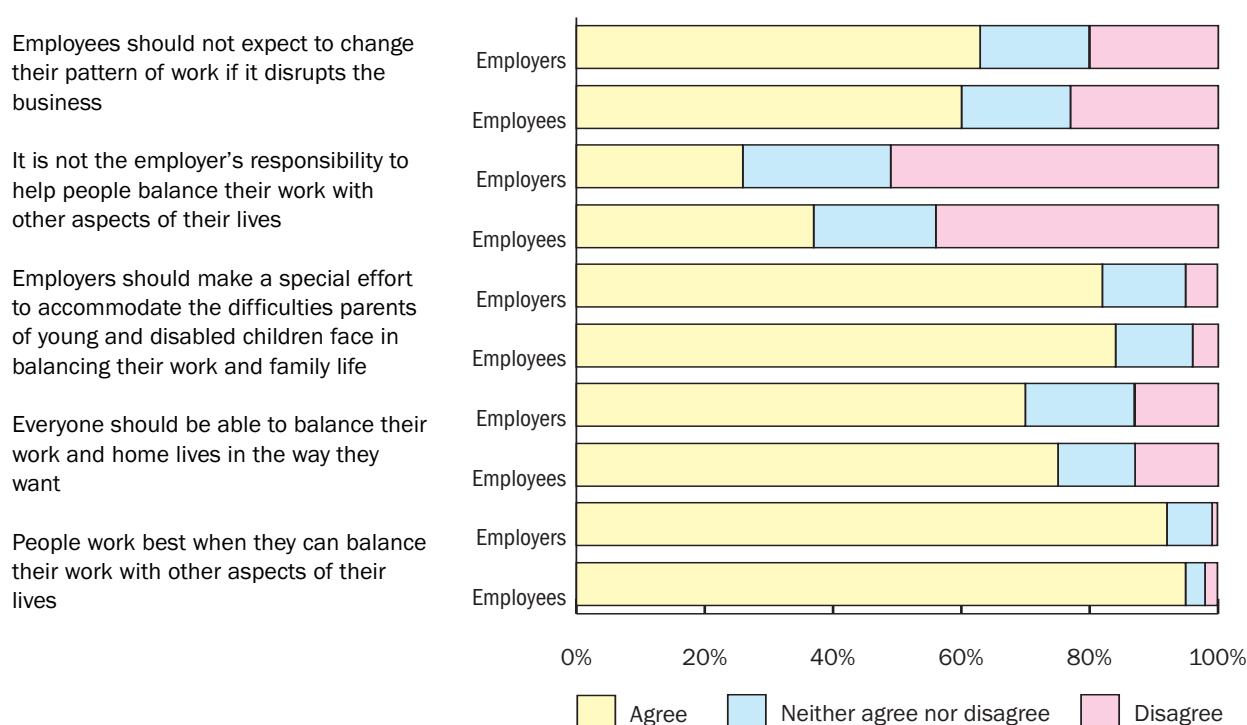
statistically significant¹⁶. This also produced a statistically significant difference¹⁷ between employee (37%) and employer (26%) results in 2006, and is illustrated in **Figure 3**. The difference in the percentage of employees (75%) and employers (70%) who felt 'everyone should be able to balance their work and home lives in the way they want' was also statistically significant¹⁸.

Conclusion

On the whole the patterns observed in 2003 are mirrored in 2006, although there are some small differences, in particular, the attitudes of employers. Over the survey period more employers were providing one or more flexible working practices to their

employees, this was supported by a statistically significant decrease in the amount of employers that have stated there was no demand from their employees for flexible work. There was also a statistically significant decrease in the percentage of employers who agreed that 'it's not the employer's responsibly to help people balance their work with other aspects of their life'. This would suggest that employers are becoming more aware of the responsibility they have in providing a better work life balance for their employees. However in contrast to this there was a statistically significant reduction in the amount of employers who agreed that 'employers should make a special effort to accommodate the particular difficulties parents of young and disabled children

Figure 4: Attitudes of Employers and Employees in 2006.



14 p=0.162 & p=0.134
15 p=0.162
16 p=0.001
17 p < 0.001
18 p = 0.009

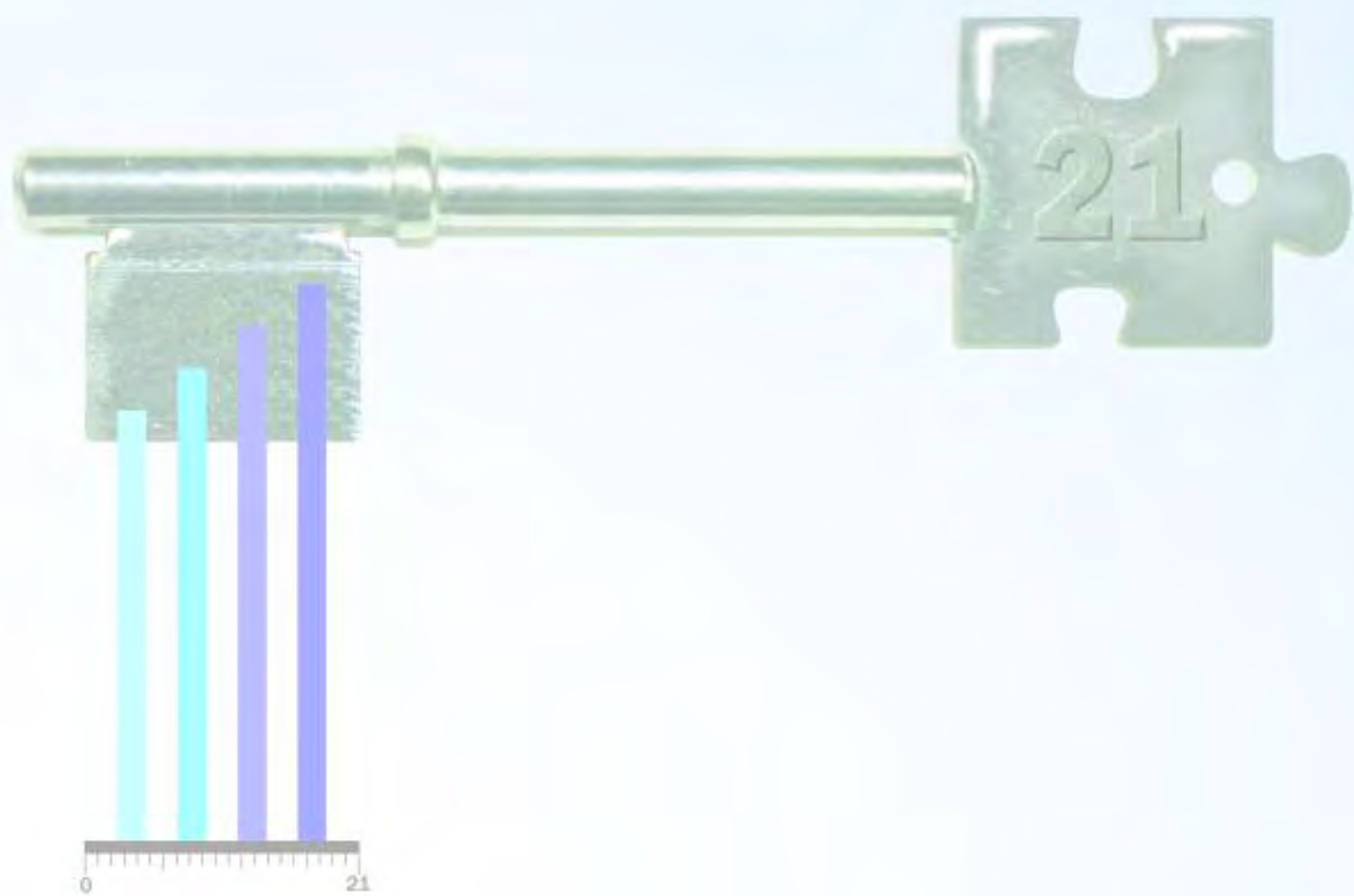
Flexible Working Patterns: Comparison of Employee and Employer Surveys conducted in 2003 and 2006

Kathryn Wilson, Analytical Services, DEL

face in balancing their work and family life’.

In summary, it is evident in some accounts that attitudes are changing, however, at this early stage, it is not possible to establish definitively whether the 2003 flexible working law has had a substantial impact on workplace practices and attitudes.





The Importance of Qualifications in Achieving High Wages and Productivity

Graham Gudgin, Senior Economic Advisor, Oxford Economics

This article examines links between qualifications and their impact on wages and productivity at personal and national scales. At the regional scale, where skills are more mobile, the article argues that graduate skills have most impact on wages and productivity. It also draws out some possible implications for policy in the Northern Ireland context – including the importance of upskilling those with poor skills and improving Northern Ireland’s attractiveness to graduates.

Introduction

“Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject that we, as a people, can be engaged in.”
Abraham Lincoln, 1832

Abraham Lincoln was far from alone among 19th century Americans in ascribing the highest priority to education. Historians have described education as the religion of 19th century America, as long as that education was practical. By the mid 20th century the average American was vastly better educated than the average Briton. Heckman and Masterov (2000) show that, for those born in 1940, 27% of white Americans had college degrees. In Britain the equivalent proportion with higher education qualifications was around 7%. Only 18% of white Americans had no qualifications, compared with 60% of Britons.

The UK’s economic eclipse by the USA and Germany became a huge policy concern from the late 19th century, with the focus largely on lagging productivity. A number of government inquiries into productivity led eventually to a series of education acts, but it was not until after World War Two that the UK began to seriously erode the education gap with what by then had become the world’s richest economy. By 2005 the UK, including NI, had closed much of the gap with the USA in graduate proportions although many more

in the UK were still classified as low skilled¹. The catch-up is partly due to the higher priority given to education in the UK² in the post-war period, but also reflects difficulties in the USA in maintaining educational standards in a rich economy. The International Adult Literacy Survey of 1994/6 and its successor ‘Learning A Living’ (OECD, 2005) suggest that literacy standards among young adults in the USA have slipped towards the bottom of the developed world while those in the UK have held their place³. In the meantime the UK’s long slide down the economic productivity league tables has ceased. Improved education is not the only factor, but is likely to have been an essential element.

The improvement in the UK’s educational standing has, however, been patchy. The recently published OECD UK Country Report (2005) shows that although the UK has a reasonably high proportion of young graduates by international standards, it still has one of the highest proportions (second only to Italy) of young people aged 25-34 with only low level qualifications (**Figure 1**). The problem in the UK is the high proportion who fail to gain either lower or upper secondary school qualifications (i.e. good GCSE’s or A levels) and the high number of what Americans would call ‘high school drop-outs’. Among OECD countries only Greece, Turkey, Portugal and Mexico had fewer 17 % olds in education. The OECD conclude that ‘although schools have improved



1 OECD figures for 2003 suggest that in the UK 25% of working age people had graduate qualifications. This was below the USA and Canada, at 31% and 28% respectively. It was also below the levels of Japan and South Korea but had caught up with average levels in Scandinavia and the Netherlands. Low skilled is defined as primary or lower secondary qualifications only.

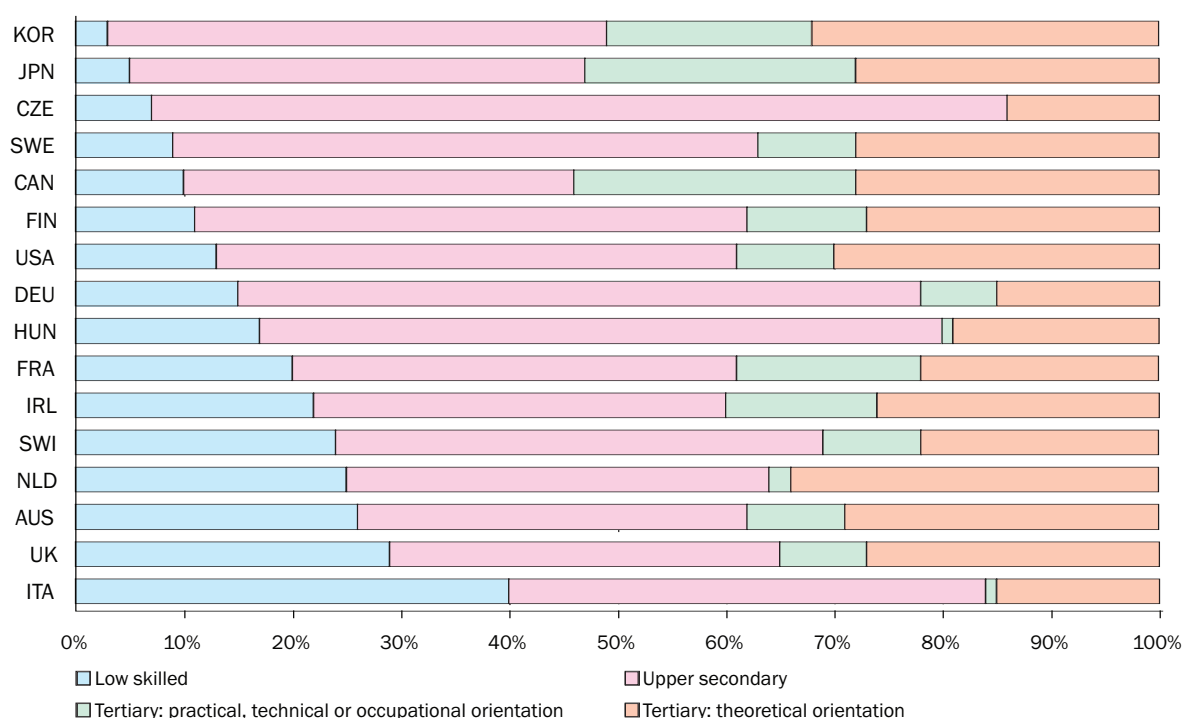
2 UK expenditure on primary and secondary education as a % of GDP was above the OECD average in 2002 and above all countries other than Iceland, Norway and Switzerland. Expenditure on tertiary education was below the OECD average and only half that of the USA or Korea, both of which have large private higher education sectors.

3 Although the literacy scores for American 16-24 year olds were low on the International Adult Literacy Survey of 1996, results for American 15 year olds were in the top third of OECD countries in the 2000 PISA (Programme for International Student Assessment) Survey. This may indicate a recent reaction to falling standards.

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Figure 1: Skills levels in 2002 among the population aged 25-34



Source of data: OECD Education at a Glance 2005, produced in the OECD UK Country Report 2007

a lot in the 1990s more could still be done to improve basic standards of literacy and numeracy thus providing a stronger foundation for continued learning'.

As the NIESR company productivity studies in the 1980s and 1990s showed for the UK, and equivalent NIERC studies showed for NI, good levels of skills are needed to maintain high productivity in a range of modern industries. The UK still lags behind other countries, and particularly Germany, in vocational skills training. The impact of inadequate vocational training has been disguised in the UK by the huge success of financial and business services where traditional vocational skills are less important, and relative to Germany by the temporarily uncompetitive

exchange rate at which Germany joined the Euro⁴.

Within the UK there is relatively little variation between regions in the proportion of working age people whose highest qualifications are at GCSE or A level (**Table 1**). Larger variations occur in the proportions who hold degrees. This is not necessarily a reflection on the achievements of those growing up in each region and is heavily influenced by the migration of graduates away from their home region to areas where well-paid graduate jobs are available. NI, in common with many other regions of the UK, is strongly affected by this tendency. The proportion of graduates among the working-age population in NI is below the UK average and far below the levels of London and South East England. NI also has

an unusually high proportion of working-age people with no qualifications, although this is partly due to lower numbers with low level qualifications⁵.

Do Qualifications Influence Wages and Productivity⁶?

At one level it is obvious that wages and productivity are heavily influenced by qualifications. Within the UK, and all other countries, average wages tend to increase with the level of qualification. UK male graduates, for instance, have average wages 52% higher than those with no qualifications (Dearden, 1999). For females the gap is even greater at 73%. Similar wage gaps exist for those with vocational qualifications. In NI the gaps were even larger for

⁴ Germany's competitiveness has by 2007 largely been restored due to wage moderation and cost cutting. Its strengths in producing high quality engineering goods have underpinned its recent export boom to countries including China, where the UK has had much less export success.

⁵ The Census of 2001 suggests that NI has much higher numbers of people with no qualifications. However this is self-assessed and in our view is less reliable than the Labour Force Survey in which responses are guided by interviewers.

⁶ The evidence for this section and the next is drawn from a literature review undertaken for DEL in 2005 by Regional Forecasts Ltd

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Table 1: Highest qualifications of people of working age 2005

	% Degree or equivalent	% Higher education qualifications	% GCE A level or equivalent	% GCSE grades A*-C or equivalent	% Other qualifications	% No qualifications
United Kingdom	17.6	8.4	23.6	22.9	12.5	14.1
North East	12.4	8.2	25.3	25.4	13.0	15.2
North West	14.8	8.9	24.4	24.9	10.5	15.5
Yorkshire and the Humber	14.5	7.2	24.0	24.3	14.1	15.3
East Midlands	14.9	8.1	25.6	22.3	13.3	14.8
West Midlands	14.8	8.2	22.9	24.5	11.9	16.6
East	17.5	7.5	23.4	25.7	12.7	12.6
London	26.1	5.9	17.2	17.1	18.5	14.2
South East	20.5	8.7	24.4	23.9	11.8	10.0
South West	16.6	9.6	25.2	25.1	12.2	10.5
England	17.9	8.0	23.2	23.3	13.2	13.6
Wales	15.1	8.9	21.8	25.3	10.7	17.2
Scotland	17.6	12.8	29.0	17.9	8.4	13.8
NI	15.0	8.0	23.4	21.9	6.3	24.2

Source: Regional Trends, Volume 39

both genders (Harmon and Walker, 2000).

However it is not clear whether the extra wages depend on the qualifications. Some researchers believe that qualifications merely act as an identifier of inherently able individuals for employers (Wolf, 2002). After all, many graduates do not use their expensively acquired specific knowledge of, say, history or languages within their subsequent careers. Economists who have attempted to control for ability, or for employers' bias, suggest that higher wages do indeed reflect education and training (Angrist and Krueger, 1991; Card, 1999). More-over there is a clear difference in

private returns to education from different academic subjects, with mathematics and sciences giving the highest returns (Blundell et al, 1999).

Sceptics like Alison Wolf who point out that the same skills result in very different wages in developing and advanced economies make an interesting point, but not one that is ultimately important. Some trades like hairdressers gain from being protected, by distance, from international competition. In internationally tradable activities wages have to reflect real advantages in productivity. Average wages depend on the many factors influencing national productivity.

Carpenters' wages are much higher than 400 years ago not primarily because individual skill is greater, or even necessarily because of more capital equipment, but because of supply and demand within economies that are now infinitely more productive. Where economies are poorly organised general inefficiencies may result in low returns to skills. This is why wages were low in communist countries despite often high educational attainment. While skills can be wasted or under-used there can be little doubt that education contributes greatly to high productivity within modern free-market economies⁷. The traditional advantages of rich

7 This does not however necessarily falsify Wolf's argument that additional expenditure on education may not result in worthwhile improvements in productivity.

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countries in financial and physical capital are less important now that money and machines can be moved so easily. It is skills in its widest sense that provide the main residual advantage of western economies.

Within well organised, modern, free market economies, it seems clear that well qualified individuals are paid more because they are generally more productive, and that at least part of this higher productivity comes from their education. If education were of minor importance employers could gain by putting more effort into recruiting bright 16 or 18 year olds. It also seems obvious that high levels of education and vocation skills are required to run complex modern economies, and that countries with long histories of high quality education tend to have high productivity, and hence high wages. Having said this, it has not proved easy for economists to demonstrate a clear dependence of productivity on education. While such a link does emerge from econometric analyses which include developing countries, it has been more difficult to demonstrate the link for advanced (OECD) economies alone.

The Impact of Education on National Economies

Economic theory traditionally had surprisingly little to say about the causes of large

international differences in per capita GDP and productivity, but a large literature has developed on these themes over the last fifteen years. This literature mostly follows the common format of reporting on cross-country regression analyses. These relate international differences in growth of per capita GDP (or equivalent measures) to the following variables:

- Initial levels of per capita GDP
- Changes in physical capital (i.e. investment in physical capital)
- Levels of human capital
- Population growth

The theory of economic growth was originally developed by Solow (1957) who argued that levels of GDP per head would depend on countries' saving and investment levels. When tests of the theory showed that the impact of investment was implausibly large, the theory was 'augmented' to add investment in human capital to physical investment. Investment in human capital was usually measured as years of schooling or the percentage of the population enrolled in secondary or higher education. This 'augmented' approach proved to be a better fit to international differences in per capita GDP. Although the 'years of schooling' measure was shown to be significantly related to productivity, the fit was poor for OECD countries alone. In particular, some studies using years of schooling to measure

human capital often failed to find a significant relationship for OECD countries or found little impact beyond the first few years of education.

At this point economists began to take more care over how educational attainment was measured. They began to introduce literacy scores as a measure, and found that these had a more significant influence on per capita GDP across countries. An interesting recent example of this genre was a Canadian study by Coulombe, Tremblay and Marchand (2004) which has attracted international attention for the strength of its conclusions. This study examined growth in per capita GDP for 14 OECD countries over a series of 5 year periods from 1960 to 1990. Per capita GDP in each country over 5 year periods are explained by:

- Per capita GDP at the start of each period
- Rate of investment in physical capital (average of 5 years)
- Fertility rate (average of 5 years)
- Openness of the economy (sum of exports and imports as a share of GDP)
- Level of human capital (average literacy score for 17-25 year olds at the start of each period)

The data were scores from the 1996 International Adult Literacy Survey. The main innovation in this study is the way it uses this single survey to construct historical data values for each of

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the 8 five-year periods from 1960, for each of the 14 countries. This is done by taking the average literacy score for different age groups in 1994 and assuming that the score would have been the same as when the people were entering the labour market aged 17-25. For instance those aged 51-59 in 1994 were aged 17-25 in 1960. Their average literacy scores in 1994 were taken as the scores that would have been observed for 17-25 year olds in 1960. Similarly those aged 46-54 in 1994 were used as the cohort for 1965 and so on⁸.

If we join Coulombe et al in interpreting this age cohort data as representing different time periods from 1960 onwards, the data show that most countries retained their relative positions over the period. The UK for example has been close to 95% of the 14 country average throughout the period. The Scandinavian countries and Finland have the best scores over the period, although Sweden's initial advantage has weakened a little. The two main exceptions are the USA and Italy. The USA began the period 4% above the average, but declined steadily to almost 10% below average by 1995. The more recent Learning A Living survey (OECD and Statistics Canada, 2005) suggests that the USA may have subsequently slipped further again, but the 2000 PISA study of 15 year olds indicates that an improvement may have subsequently set in. Italy began the period with easily the lowest literacy scores but has

subsequently improved, overtaking the USA and coming close to the UK by 1995.

The results of the Coulombe study's growth analyses showed that literacy scores were a strong and positive influence on economic growth across the period⁹. This holds irrespective of which of the three types of literacy (prose, document or quantitative) is used. In the long run, a permanent rise of 10% in the literacy rate resulted in an increase in per capita GDP of 15%. For productivity (GDP per employee) a 10% rise in literacy rate led to a rise of 25%. These long term improvements in relative GDP would take a considerable time to be realised since the short-term convergence is slow. The authors state that it would take between 12 and 33 years to close half of the gap following a policy change that shifted average literacy scores up or down.

The authors also conclude that:

"measures based on average test scores over all individuals are much better indicators of the aggregate level of human capital investment than measures based on the proportion of individuals that achieved relatively high levels of literacy ... consistent with the view that human capital investment fosters growth by making the overall labour force more productive, as opposed to developing highly talented individuals who may, among other things, have a positive impact on growth through their

contribution to innovation and technological progress".

This conclusion indicates that there is no reason to target investment in literacy at the high end of the spectrum. It is also in line with the recommendation in the 2005 OECD UK Country Report that the UK should continue to focus *"on raising the general low skills level of the labour force"*. Although this may be a reasonable conclusion for the UK as a whole, including NI, the fact that productivity and wages in NI are well below the UK average, and close to the lowest of any UK region, leads to an additional, different, and apparently contradictory conclusion for the specific circumstances of NI. This is that a shortfall of graduates in employment is the most important influence on NI's lagging productivity and wages within the UK.

The Influence of Graduates on Wages¹⁰

NI has largely solved its traditional economic problem of high unemployment. The remaining economic problems concern productivity and wages which remain stuck at a level 15-20% below the UK average, and increasingly also well behind the Republic of Ireland. The task of raising wages and productivity is complex and to date there is no consensus on how this should be achieved. Attention in InvestNI and elsewhere in NI tends to be focused on such issues as inward investment,



8 This procedure has obvious potential flaws. If literacy ability tends to improve, or deteriorate, with age the procedure may be invalidated. Even worse, if improvements over time were to occur at different rates in different countries the data would be particularly misleading.

9 The impact was twice as large for female literacy as for males.

10 The evidence for the conclusion in this section comes from a recent report for DEL (Gudgin and McDermott, 2007)

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R&D, innovation, enterprise and skills. In this section the focus is on skills, and in particular on graduates and the strong association between graduates and both wages and productivity across the regions and local areas of the UK.

Evidence amassed at the Regional Forecasts division of Oxford Economics, shows that:

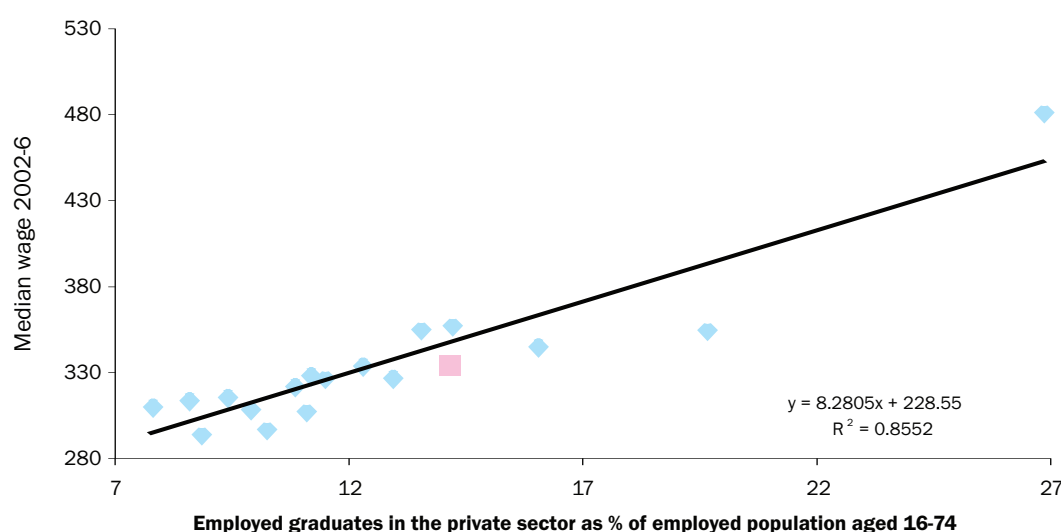
- Areas with high percentages of the employed population holding graduate qualifications also have high wages and productivity
- This relationship only exists for graduates working in the private sector, there is no relationship in the public sector.
- The influence is much wider than for the wages of graduates themselves. Where there are large numbers of

graduates, non-graduate wages are also higher.

The evidence for these propositions is shown in **Figure 2** for major urban areas and in **Figure 3** for smaller cities, towns and rural areas. Both charts show that median wages tend to rise by £8-9 per week for each additional percentage point of the employed population who are graduates working within the private sector. Most areas, especially urban areas, were close to average relationship between graduates and wages. However, in some areas wages were somewhat higher or lower than predicted on the basis of graduates alone. For instance, in London 27% of the employed population in 2001 were graduates working the private sector¹¹ (**Figure 2**), and wages were around 7% higher than predicted by the relationship.

Belfast has the fifth highest proportion of graduates working in the private sector among major UK cities. Wages in Greater Belfast¹² are only a little below the level predicted on the basis of its private sector graduate percentage, and are also the fifth highest among major urban areas in the UK. Wages are below those in Birmingham, Coventry, Bristol and Edinburgh and of course London, but above those in other urban areas. Although Greater Edinburgh has the second highest proportion of private sector graduates after London, it is notable that, unlike Belfast, its median wages are well below the predicted level. These are wages for all employees, and wages in Belfast may be boosted by its large public sector.

Figure 2: Private Sector Graduates 2001 and Median Wages for All Employees 2002-06. Major Urban Areas in the UK



Sources: Employment Data: Census 2001. Wages data: ASHE all sectors. Greater Belfast and the Rest of NI highlighted in red. Both variables workplace-based. Each dot represents a single conurbation or English county containing a major city. Greater Belfast is highlighted as a red square.

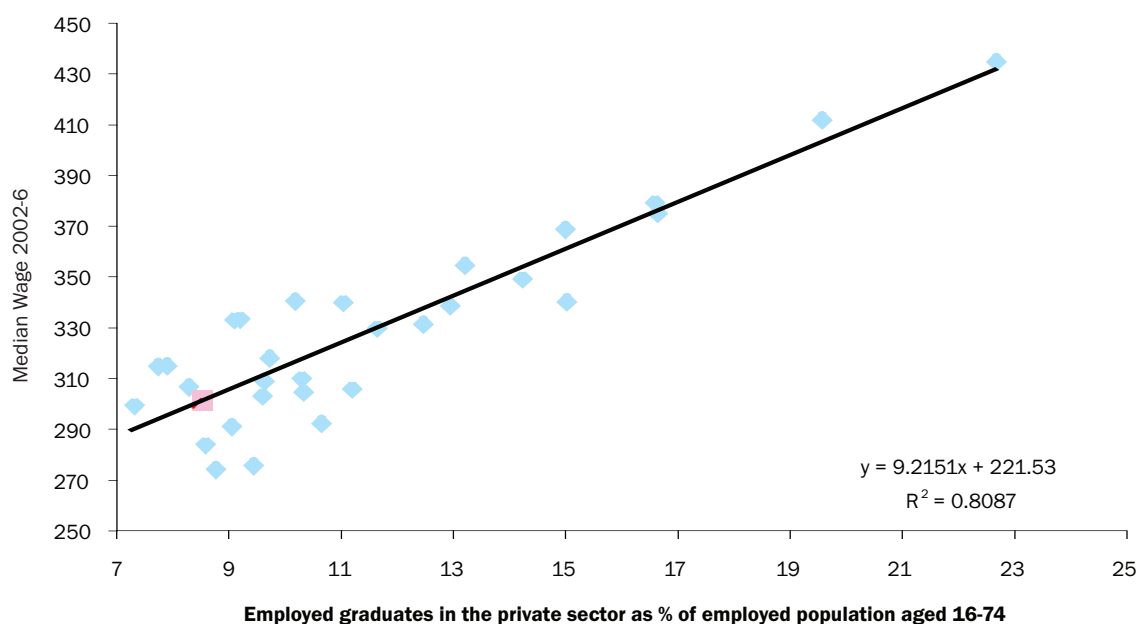
¹¹ Including the public sector, graduates comprised 38% of London's employed population in 2001

¹² Greater Belfast is defined as the Belfast Metropolitan Area

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Figure 3: Private Sector Graduates 2001 and Median Wages for All Employees 2002-06. Smaller Cities, Towns and Rural Areas



Sources: Employment Data: Census 2001. Wages data: ASHE all sectors. Greater Belfast and the Rest of NI highlighted in red. Both variables are workplace-based. Each dot represents an English county, group of Welsh counties, Scotland excluding greater Edinburgh and Greater Glasgow, and (highlighted) NI excluding Greater Belfast.

Although most urban areas have higher proportions of graduates than their less urban hinterlands, and also higher wages, the NI economy is particularly unbalanced in this respect between Greater Belfast and the Rest of NI. The Rest of NI has one of lowest proportions of graduates working in the private sector of any UK area (**Figure 3**). Average wages in this area are close to the predicted level, and are also among the lowest of any UK area. Areas with even lower wages tend also to be remote rural areas including mid-Wales, Northumberland and Devon and Cornwall.

The relationships shown above are between the proportion of employed people who are graduates working in the private

sector and the median wage of *all* employees. The contribution to higher overall wages of the wages of the graduates themselves is around one fifth of the total. In other words non-graduate wages are also higher in areas with large percentages of private sector graduates.

The relationship between graduates and wages is partly influenced by the size of the private sector in each area. Areas with large private sectors tend to have higher average wages for all employees. However this factor is relatively minor, and the main influence is the proportion of graduates *within* the private sector. High proportions of graduates *within* most individual private sectors tend also to be associated with high average wages for all

employees. Wages are also higher where the financial and business services sector is large, but not where the manufacturing sector is large. Public sector wages tend to be relatively uniform across the UK, and there is no relationship between overall wages and the percentage of employees who are graduates working in the public sector.

Graduates and Productivity

Average wages reflect the level of productivity, at least in the private sector. Since average wages for all employees are strongly associated with the percentage of employed people who are graduates working in the private sector, we can expect



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a similar relationship between graduates and productivity. In this case productivity is measured as Gross Value Added (GVA) per employed person¹³. The relationship is shown in **Figure 4** below for areas within the UK where it can be seen that a significant and positive relationship does exist¹⁴.

The chart indicates that graduates working in the private sector (as a percentage of all employed people) accounts for close to three-quarters of the variation between areas in GVA per employee. The association is a little weaker than the equivalent association between average wages and the graduate percentage shown in **Figure 2** and **3**. This is to be expected since GVA includes profits which comprise a variable proportion of GVA from place to place depending on such things as the location of capital intensive industry. This can be seen in the

values for Greater Belfast and the Rest of NI in **Figure 4**. The Rest of NI has the slightly higher level of GVA per employee, whereas the opposite was true for wages. This partly reflects the fact that most of NI's capital intensive manufacturing and energy sectors are located outside Greater Belfast. Since the profits from capital intensive firms are usually distributed to shareholders far and wide, it is the wage component of GVA that is most relevant for local living standards, and thus the one we focus on in this study.

Our conclusion is that graduates working in the private sector are almost as closely associated with GVA per employee as with average wages. This is not really surprising since many high value activities depend on labour skills, especially in the service sectors. Our view is that although this is a valuable observation, it is the relationship

between graduates and wages that is the more important for a small, open, regional economy like NI.

Conclusions and Policy Implications

The UK lagged well behind the USA in educational attainment until the 1960's. UK education was famously elitist, with some of the world's best universities but relatively low rates of staying on at school and relatively poor vocational training. Spending on education has improved greatly since then, and the UK does reasonably well at graduate level but still has among the highest numbers of 'high-school drop-outs' of any OECD country. It also still has poorer vocational training than best practice economies like Germany, Scandinavia or the Netherlands. The result has been low productivity in many sectors

Figure 4: Graduates Working in the Private Sector as % of employed population 2001 and GVA per employee (2003 prices) in 2001



Source of data: Employed Population. – Census 2001. GVA per Employee – Regional Accounts, ABI. Both variables workplace based. Greater Belfast and Rest of NI highlighted as squares

¹³ Including the self-employed.

¹⁴ Productivity in this case, and in Figure 4, is measured as GVA per employee, i.e. the self-employed are not included in the denominator since reliable data on self-employment is not available at this scale. It is not thought that the omission of the self-employed will change the relationship by a significant amount.

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compared with countries with better systems of education and training. The dramatic rise in graduate numbers over recent decades has helped the UK to excel in financial and business services where graduate skills are the key resource, but with poor staying on rates at school and inadequate vocational training, the UK continues to perform poorly in manufacturing and other industrial sectors. The success of the financial and business services sector is also heavily concentrated in London and the South East of England. As a result regional disparities remain high.

NI is affected by these national characteristics and particularly by the regional concentration of graduates in southern England. While NI's population has high staying-on rates at school, and high rates of graduation by UK standards, the mobility of graduates means that around 25% end up working in other parts of the UK. This includes 9% of NI residents who attend NI universities, and 64% of those who attend universities in GB. As a result, the proportion of graduates in the NI workforce is well below the UK average (see **table 1**). This article has shown that where there is a low number of graduates working in the private sector then average wages and productivity will almost certainly also be low. This is the case for NI although more so in the Rest of NI than in Greater Belfast. Wages in both Greater Belfast and the Rest of NI can be predicted from the proportion of employees who are

graduates working within their private sector.

It is unlikely that NI can close its wage and productivity gaps with the rest of the UK without increasing its share of private sector graduates. This reflects a belief that it is graduates which generate high productivity and high wages. (The opposite direction of causation in which high wages lead to greater local demand for graduates less plausible). NI has shown that it is difficult to increase the proportion of graduates in the workforce through a good education system alone. What is needed is a strong demand for graduates from highly productive firms. To some extent this is achieved by InvestNI and other economic development agencies, but their efforts have often been insufficiently focused on high value added firms. Some inward investment attracted to NI increases the proportion of graduates but others do not, or else pay the graduates too little. However, the last few months has seen a considerable improvement with a number of graduate intensive firms attracted into NI, and this may indicate that a policy of focusing on high-graduate, high wage projects may be feasible.

Local business also tends to complain most loudly about deficiencies in lower level skills, although the (possibly temporary) availability of well qualified East European immigrants has diminished these complaints for the time being. This reflects NI's

remaining focus on low productivity activities in agriculture and food processing. The aim of policy should be to emulate leading world economies and to sharply decrease the supply of low skilled labour. This would mean departures from UK practice in education and training. A key focus should be on improving NI's attraction to graduate employing firms and to graduates as a place to live. Oxford Economics would like to engage in a debate with the Department in respect of expanding the size of NI's HE sector to attract students from elsewhere. Although current DEL policy is to limit the size of the HE sector to match demand for places (which happens to be largely local demand), there is a wider argument based on economic development rather than local educational need. Regions with a concentration of HE institutions tend to have stronger economies, especially when these institutions are world class. Eastern Massachusetts and Silicon Valley in California are the best examples, but the USA contains many including, for instance, North Carolina. Within the UK the best universities are in south east England, but Scotland also has notable strengths in its university sector and contains Edinburgh which is perhaps the UK's strongest major urban economy outside London. A strong HE sector has multiple advantages for economic development. These include links with local employers, and attractions for inward investors,



The Importance of Qualifications in Achieving High Wages and Productivity

Graham Gudgin, Senior Economic Advisor, Oxford Economics

but also a range of social and cultural influences which tend to make cities attractive both for graduates to live in and for employers to seek and retain graduate employees. It is Oxford Economics' view that a new university set up specifically to deliver practical subjects of economic value and with strong links to high productivity business sectors would send out a strong signal of NI's ambitions in this respect.

FURTHER INFORMATION

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The Incidence of Racism and Homophobia in the Further Education Sector

Denise Rainey and John McGettrick, Analytical Services, DEL.

DEL is committed to investigating the factors that determine participation rates in FE in NI. Central to this commitment is an examination of participation by social background and Section 75 category. In 2007 the Department commissioned two individual but closely related research studies to investigate the incidence of racism and homophobia in the FE sector.¹ The homophobia report, a scoping study completed by KPMG, found that there was little firm evidence of the extent of homophobia, which led most consultees to conclude that it is not a significant issue. The racism research, undertaken by Peer Consulting, found that although there is limited evidence of racism in FE, some racist attitudes do exist.

Context

The Further Education (FE) sector contributes significantly to the local economy through the qualifications and skills which its learners achieve. It also plays a valuable social, educational and cultural role in communities by offering a wide range of vocational, academic and leisure type provision. Moreover, the sector has and continues to play a powerful, yet understated, and often unrecognised role, as an integrated education provider. All colleges work hard to be inclusive: the Department for Employment and Learning (DEL) works with the Association of Northern Ireland Colleges (ANIC), the National Union of Students – Union of Students in Ireland (NUS-USI), and the Equality Commission for NI to promote a greater understanding of the value of cultural diversity. It is in this context, which recognises the sector's pivotal role in moulding social cohesion and inclusion over the years in NI, that the Department sought to examine the incidence of racism and homophobia.

Homophobia Scoping Study

In line with its commitment to widen access to FE within NI, DEL is keen to develop an understanding of attitudes towards sexuality throughout the sector. DEL currently monitors information in relation to the sector on 7 of the 9 groups under Section 75, with the exception of “sexual orientation”

and “political affiliation”². This scoping study focused on members of the lesbian, gay, bisexual, and transgender (LGBT) community, and their experiences of FE.

The Department commissioned KPMG to investigate the incidence of homophobia in the FE sector by undertaking a scoping study to identify:

- the perceptions, attitudes and experiences of current and potential students/trainees in FE colleges towards issues around sexuality;
- attitudes and behaviours of staff (teaching and non-teaching) towards issues around sexuality;
- the perceptions and experiences of current and potential students/trainees who identify as LGBT; and
- the opinions and views of LGBT representative groups.

Through doing this the study aimed to provide an indication of the level of further research which might be required, including the identification of further issues to be explored.

The field research for this project was based on a questionnaire which was distributed to all 16 FE colleges in NI. This allowed the Department to ascertain the policies and procedures for dealing with homophobia and to gauge the colleges' attitudes towards issues of sexuality. There was also a series of consultations with key organisations including ANIC,



1 Both reports are available to download from the DEL website at the following weblink:

www.delni.gov.uk/index/statistics-and-research/stats-research/research.htm

2 Summary equality monitoring information is published in Chapter 24 of this Bulletin

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NUS-USI, COSO (representative of the LGBT community), the Equality Commission and the PSNI. Further, a series of staff and student/trainee focus groups were held at six selected colleges and two schools. Colleges were selected based on their geographical location with the two secondary schools selected on the basis that they were recognised as strong FE feeder schools.

The key findings from the college questionnaires and stakeholder consultations with staff, students and potential students were:

- little firm evidence of the current extent of homophobia in the FE sector;
- lack of firm evidence on homophobia has led most consultees to conclude that homophobia is not a significant issue in the FE sector, although all accept that the absence of evidence does not necessarily mean that homophobia is not an issue; and
- all students and staff consulted indicated that they had a positive attitude towards issues around sexuality and felt this would be representative of most but not all students and staff.

Recommendations – Dealing with Homophobia

The research concluded that the varying levels of good practice identified across the FE network

could be bolstered with a more co-ordinated approach. In particular, colleges should:

- Consider the feasibility of collecting information on sexual orientation, taking account of the issues and sensitivities of doing so and ensuring confidentiality and anonymity is preserved.
- revisit their equality and harassment policies and procedures to ensure that sexual orientation is adequately covered, including a clear statement of the consequences of discrimination on the grounds of sexuality;
- ensure that all incidents of a homophobic nature are accurately documented; and
- establish a LGBT ‘champion’ in each college whose specific remit is to promote a coordinated approach to equality on sexual orientation and offer support and help to LGBT students and staff.

Racism in the NI Further Education Sector

As with the scoping study into Homophobia and in line with its commitment to widen access to FE in NI, the Department simultaneously commissioned Peer Consulting to carry out research in order to develop a clearer understanding of attitudes in relation to race and ethnicity issues in the local FE sector. It also wanted to bring forward positive recommendations to help

address any chill factors facing potential or current students from minority ethnic groups.

In addition to the broad aim of the research outlined above the terms of reference also asked for a review and assessment of current policies and procedures relating to racism, whether they are fit for purpose and to establish examples of best practice in dealing with racial equality in NI and elsewhere.

The research involved both qualitative and quantitative methods, including;

- a review of existing literature;
- a consultation process with key stakeholders including ANIC; FE colleges; Equality Commission; NICEM; An Munia Tober; Chinese Welfare Association and other minority ethnic groups;
- six case studies of FE colleges along with focus groups of current and potential students from minority ethnic backgrounds; and
- surveys of both staff and students from indigenous and minority ethnic backgrounds.

Key issues emerging from this research were:

- The literature review found that there has been little previous research into racism in FE. However, it highlighted that there have been major changes in the type and number of minority ethnic people present in the NI

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community and that these people face a number of problems accessing public services. This is particularly evident where English is not their first language. Also wider studies have shown that racism and racial harassment is a growing problem in NI society.

- Stakeholder consultations showed that although colleges tended to be reactive rather than proactive in dealing with racism, they were all making some effort to deal with it and increase participation by minority ethnic groups. However, it was thought some colleges were better at this than others. Most would like to see colleges being more proactive in developing relationships with minority ethnic groups alongside issues relating to race, culture and ethnicity becoming a part of mainstream FE provision.
- The student and staff surveys highlighted the following:
 - Just under half (45%) of full-time minority ethnic students had experienced some form of harassment at college, while 20% experienced it on a weekly basis. Also 36% of this group find it necessary to conceal parts of their ethnic background to fit in. It is worth highlighting at this point that only one college from the six case studies reported having had a complaint of a

racist nature.

- Generally minority ethnic students are positive in their views of their college environment, although full-time and non-white minority ethnic students tend to be more negative in their views.
- There is a large gap between perceptions of staff and their views on the college environment for minority ethnic students and the views the minority ethnic students stated themselves.
- Limited evidence that there are racist attitudes amongst staff and indigenous FE students. What evidence there was pointed towards higher levels of racist attitudes amongst students. However, any level of racist attitudes amongst staff is of concern and therefore there is no place for complacency in tackling racism in FE.

The Way Forward – Tackling Racism

The researchers felt that a prescriptive approach was unsuitable for tackling racism in FE due to differences in community structures around the colleges, differences in initiatives already in operation and the fact that it is not the quality of written policies and procedures that matter but the way they are put into practice.

An anti-racism checklist was developed and it is hoped that this along with the examples of best practice will encourage colleges to look at new ways of thinking about racism along with more innovative and inclusive ways of dealing with it.

The researchers also concluded that it was up to the colleges themselves to identify which areas needed addressing alongside identification of the needs of their immediate surrounding community. Most importantly, they should be proactive in developing relationships with the minority ethnic groups in their community.

Whilst the questions included in the anti-racism checklist are in themselves recommendations there were further recommendations arising from the research.

- As already stated a priority should be the development of strong two way communications with leaders and representatives of minority ethnic groups in the college's local communities. These groups should be aware of who to contact in the colleges if there are issues and colleges should proactively seek their views.
- Policies and procedures relating to diversity and good relations need to be communicated to all stakeholders. It is particularly important that all students and staff are made aware of



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procedures for reporting and dealing with incidents of racial harassment.

- A member of staff at director level should have responsibility for ensuring a whole college approach to diversity and race issues to give policies visible and enthusiastic support at a senior level in the college.
- Due to only one in three racial harassment incidences being reported it is recommended that staff training and student induction take place to ensure students are supported and feel confident reporting all incidents.
- Ethnic diversity needs to be a key consideration in the development and dissemination of promotional materials.
- Colleges should be innovative in designing provision to meet varied needs of minority ethnic groups and where barriers exist they should develop approaches to dismantle these.
- Policies and practices should be in place so colleges can respond to personal and pastoral care needs of all its students taking into account religious, ethnic and cultural concerns and backgrounds and where possible provide assistance where English is not the first language.
- Lastly it was stressed how important it is to monitor so that a college is able to react quickly to any issues which arise regarding participation or achievement amongst minority ethnic groups.



An Analysis of UK Graduate Earnings

Alan Ramsey, Analytical Services, DEL

This article sets out the extent and source of variation in UK graduate earnings. It focuses in particular on estimating the effect of factors such as degree subject, degree classification, and Institution attended, as well as a range of personal and social characteristics. It concludes that estimates of the average rate of return to a university degree are likely to conceal much variation about the average. The paper also offers an assessment of the extent of graduate deprivation and inequality in the UK.

Context

With its declaration of “Education, Education and Education”, the election in 1997 of the incoming Labour Government represented a watershed for the higher education sector. The past decade has witnessed significant upheaval in almost every aspect of the sector driven, to a large extent, by the UK Government’s aspiration to see 50% of all 18-30 year olds having received higher education by 2010.

In the last 10 years the method of financing students through university has changed considerably with a shift in the burden away from tax payers and onto students themselves. The evidence base at the heart of this rebalancing has been an increasingly sophisticated analysis of graduate earnings, which show that the rate of return or ‘returns’ to higher education have not fallen over time¹. Consequently it has become increasingly difficult and seemingly disingenuous to advocate a system of higher education funded solely from the public purse.

The purpose of this article is to investigate the nature and determinants of graduate earnings and, in particular, test the hypothesis that there is significant variation in the rate of return to a first degree according to the characteristics of students and their chosen studies.

Background

With the introduction of the Graduate Contribution Scheme from 2006, universities can charge annual tuition fees of up to £3,000. Unsurprisingly then participation in higher education is being increasingly seen as a financial decision, with substantial investment costs incurred by students (and their sponsors) being set against improved labour market opportunities post graduation. Indeed, recent research has estimated that a representative graduate would enjoy a £149,761 lifetime earnings advantage over a non-graduate².

However, such opportunities will be heavily influenced by a number of factors related to personal characteristics, the nature and location of degree programmes, and the state of the economy. The aim of this article is to contribute to what is a growing body of empirical evidence highlighting the variable returns that are available to graduates. It does so by investigating the variation or heterogeneity in the average earnings of UK graduates and considers what inference, if any, can be made in relation to the rate of return of a university degree.

The Data

This article exploits the individual-level Higher Education Statistics Agency (HESA)



1 See, for example, McIntosh (2004), Dearden *et al* (2005) and Universities UK (2007).
2 O’Leary and Sloane (2005)

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information from the administrative records for the whole population of students leaving UK universities in 2005, combining this information with the employment and salary information obtained six months after graduation in the form of the HESA Destination of Leavers from Higher Education (DLHE) Survey.

The obvious problem associated with collecting employment and earnings data so soon after graduation is that it is generally considered to be a poor reflection of career path. In order to address this problem HESA are currently undertaking a follow-up survey on a sample of 2002/03 leavers who responded to the 2002/03 DLHE survey. This follow-up survey at approximately three and a half years after graduation will provide a valuable source of longitudinal data with information more closely aligned to the early career trajectories of graduates.

The HESA administrative records include information at the institutional level about entry qualifications, programmes taken, and outcomes, together with student characteristic variables such as age, gender, ethnicity, and disability. When combined with the DLHE data on employment and salary it represents a rich source of graduate information from which it is possible to analyse the determinants of graduate earnings.

After data cleansing and merging there is a robust sample of

Table 1: Summary Statistics

Variable	MALE proportion	FEMALE proportion
Academic Background		
Previous qualifications		
A-levels/SCE Highers	0.78	0.75
A-levels		
Score	134	144
Personal characteristics		
Age<24	0.82	0.78
Age 24-27	0.11	0.09
Age 28-33	0.03	0.04
Age 34+	0.03	0.09
Disability	0.07	0.06
Overseas Student	0.02	0.02
High SEC	0.72	0.72
Low SEC	0.28	0.28
White	0.88	0.89
Degree Classification		
First	0.13	0.11
Upper second	0.46	0.53
Lower second	0.32	0.27
Third	0.04	0.03
Higher Education Institution		
Old	0.23	0.21
Modern	0.50	0.52
Russell	0.23	0.20

40,296 graduates³. This includes all graduates who had successfully completed a full-time first undergraduate degree in 2004/05, are in full-time paid employment, and had identified salary information six months after graduation.

Table 1 presents summary statistics for some of the main explanatory variables used in the analysis. All figures are proportions apart from 'A-Level score', which is a mean value. Key characteristics included:

- female (male) graduates account for 59% (41%) of the sample;
- around three quarters (76.5%) of graduates took A-levels or Scottish Highers prior to university with an average A-level score of around 140 points;
- four-fifths (80%) of individuals were aged less than 24 at graduation;
- just under half of the sample identified socio-economic classification (18,434), of which approximately one in

³ In 2004/05 there were 430,290 qualifiers from UK universities. The process of merging files and dropping observations reduces this to 40,296. For example, from the 430,290 graduates approximately 75% responded to the DLHE Survey (322,718), merging the information across 3 separate data files further reduces the sample (277,471). From this file a further 130,944 observations

are dropped as follows: part-time qualifiers, 56,188; other undergraduate and Postgraduate qualifications, 69,492; unsuccessful completion, 314; medical/dentistry qualifiers, 4,950. This left 146,527 observations. From this total there are 88,740 in paid employment, 45% of whom provide salary information (i.e. 40,296).

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four graduates came from a low socio-economic group. Over half (55%) came from professional and managerial households;

- 11% (13%) of female (male) students graduated with a first class degree, 53% (46%) with an upper second class and 27% (32%) with a lower second class; and
- approximately half (51%) of students graduated from 'modern' universities⁴.

Figures 1, 2, 3 and 4 depict graduate earnings in terms of a few of the key variables of heterogeneity as outlined previously, that is, by gender, by degree subject, by degree classification, by institution and by region.

Figures 1 and 2 illustrate that, in the raw data, there is substantial variation in average graduate starting salaries across university sectors; the mean earnings of graduates ranked

lowest in the distribution were around one third of the level at the highest ranked university. Furthermore, **Figure 2** shows that, on average, the 21% of graduates from the elite Russell Group of universities enjoy a small earnings perk over their counterparts; 7.6% (5.0%) over 'old' graduates ('new' graduates), with significant variation by gender, with average female earnings being somewhat lower than those for males.

Figure1: Distribution of individual starting salaries across universities

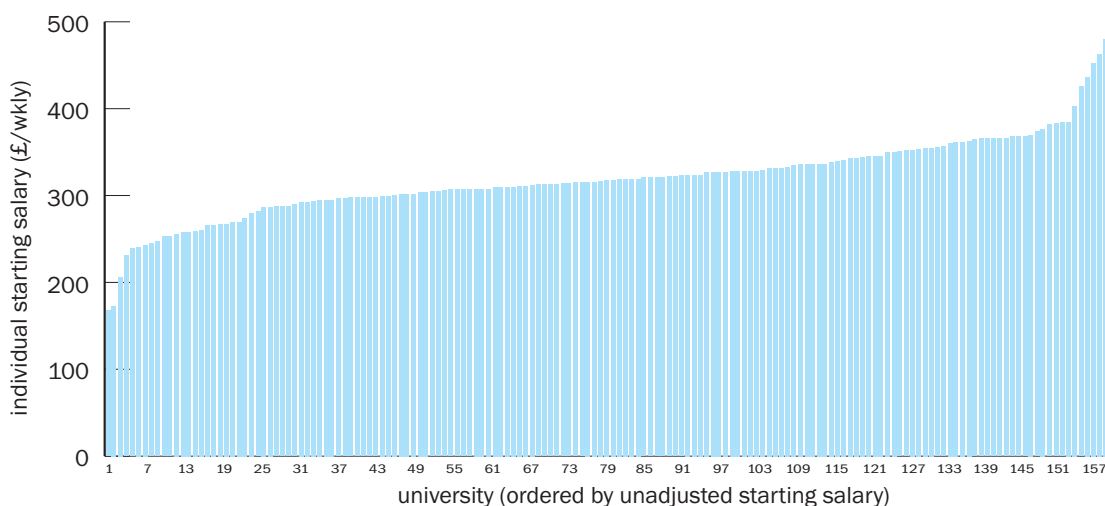
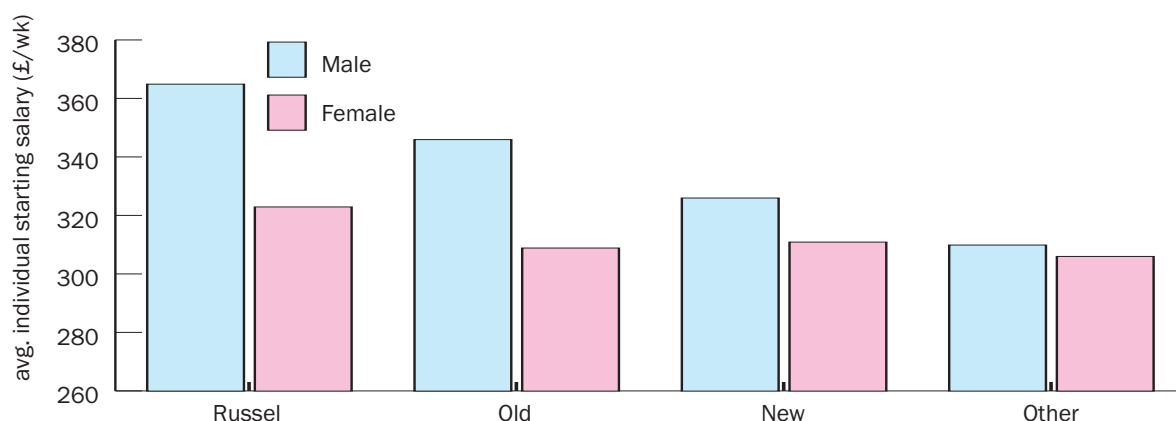


Figure 2: Average Earnings by Gender and HEI Type



⁴ 'Old universities' are those established before 1992. 'New universities' include former polytechnics and HE degree-awarding colleges created with the abolition of the binary divide in 1992. The Russell Group is an association of 20 major research-intensive universities in the UK

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Figure 3: Average Earnings by Gender and Degree Classification

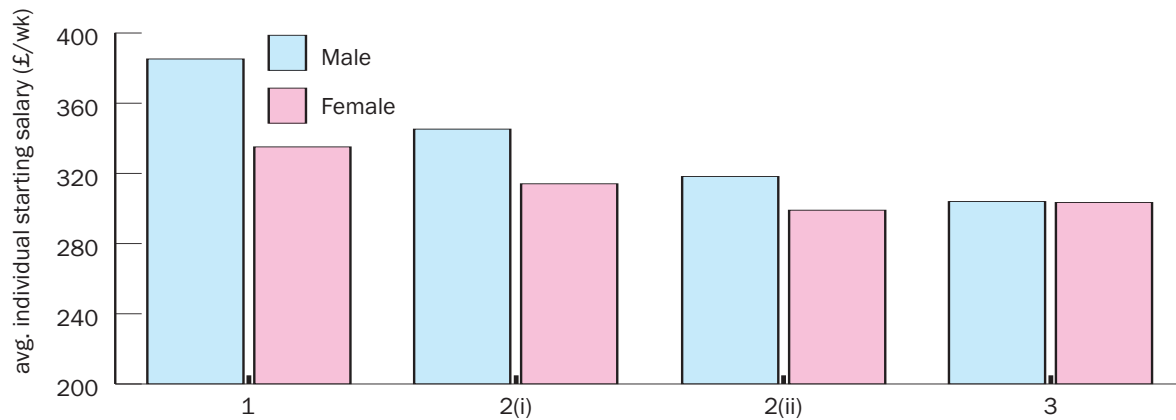


Figure 4: Average Earnings by Gender and Region of Employment

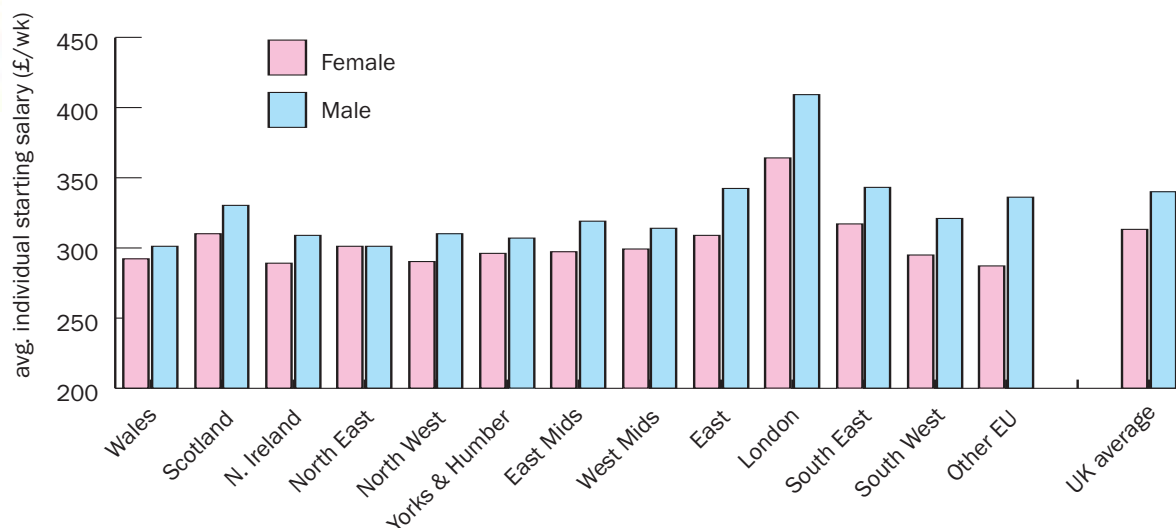


Figure 3 illustrates the effect of degree classification in the raw data; as we might expect there is a positive correlation between the level of achievement and earnings, such that, the starting salary for someone holding a First is on average 18% higher than someone holding a Third. This differential is greater for males (26.8%) than females (10.5%).

It is evident from **Figure 4** that average earnings are skewed

with London, the South East, South West and the East of England regions displaying the highest average graduate starting salaries. Average starting salaries are 29% higher in London (highest earnings region) compared to NI (lowest earnings region). Also, average male starting salaries are higher than female starting salaries in each region of the UK. Adjusting the raw data to take account of variations in the cost-of-living between regions narrows but

does not significantly disturb the broad trend.

Table 2 presents the regional distribution of graduates with reference to the distribution of the total workforce, thereby allowing us to draw inference about the representation of graduates across and within regions.

There is a heavy clustering of graduate employment in London and the South East, where for

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Table 2: Share of Graduate Employment by Region

	MALES			FEMALES		
	% of workforce	% of graduates	Ratio	% of workforce	% of graduates	Ratio
North East	3.9	4.5	1.17	4.0	4.5	1.10
Yorkshire & The Humber	8.3	8.6	1.04	8.3	8.5	1.03
East Midlands	7.4	6.7	0.90	7.4	7.0	0.95
East of England	9.6	7.1	0.74	9.3	7.3	0.78
London	12.9	20.4	1.59	12.2	18.5	1.52
South East	14.3	12.9	0.90	14.3	12.6	0.88
South West	8.5	8.4	0.99	8.6	7.9	0.91
West Midlands	8.9	7.8	0.88	8.5	8.2	0.96
North West	10.8	10.1	0.94	11.3	10.0	0.89
Wales	4.5	4.3	0.95	4.7	4.6	0.98
Scotland	8.4	7.1	0.84	8.8	8.5	0.97
NI	2.7	2.2	0.83	2.6	2.5	0.97

Source: LFS, DLHE

example 20.4% and 12.9% respectively of all male graduates are employed. In terms of graduate representation, the ratio of graduate employment to total workforce employment is greatest in London, at 1.56 for all graduates. Interestingly, graduate over-representation is not found in the South East but rather two northern regions of England, in particular the North East. At the other end of the scale with one of the lowest graduate representation ratios (particularly for males) is NI, which has 2.7% of the male workforce and yet only 2.2% of male graduates.

Econometric Analysis

The information below represents the results of applying standard economic

techniques to the HESA dataset. These techniques allow us to isolate the effects of individual factors on graduate earnings, all other measured influences remaining constant. For example, males are more likely to have attended the “Russell Group” of universities than females. It is likely that higher male earnings will, in part, reflect this. Econometric analysis allows us to take this factor into account when making comparisons. It must be remembered, however, that this analysis can only hold those factors which are measured constant: there may be other, unmeasured, causes of variation. Bearing this in mind, the key results are as follows:

Gender

- Compared to an otherwise identical female graduate, male graduates earn on

average 3.8% more. In the raw data the advantage was 8.4% so whilst the earnings differential has narrowed significantly – by more than half – there clearly remains a systematic gender difference in graduate earnings in the UK.

Domicile

- Overseas students’ earn, on average, between 9% – 11.5% more than the earnings of an otherwise identical home domiciled student.

Social Background

- There is some evidence, at least for females, that those from higher social class backgrounds progress into relatively higher paying jobs after graduation, even if the variation is quite small.



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- There is no statistically significant effect of social background on male graduate earnings within the sample.

Degree subject

- Degree subject emerges from the analysis as a significant determinant of graduate earnings. To illustrate the variation, compared to the average earnings of a Social Studies graduate, an otherwise identical graduate with a Mathematical Sciences degree earns, on average, 5.5% more; and an otherwise identical female graduate with a Languages degree earns, on average, 7.3% less - and males earn 13% less.

Degree classification

- There is variation in average earnings of around 8% between the earnings associated with a first and those associated with a third class degree, for the otherwise average male graduate.
- Degree classification has only a marginal impact for females at around a corresponding 3% differential.

Institution-type

- Limited evidence that graduate earnings vary to any significant extent by the type of institution attended, particularly for females.
- For males, the premium enjoyed by Russell Group graduates over otherwise

identical 'modern' graduates is, on average, 3.5% higher.

Region of Employment

- There is a systematic regional bias in graduate earnings⁵.
- Graduates employed in the 'North' of the UK earn on average 11.5% less than graduates based in the 'South'.
- Compared to the average earnings of a female (male) graduate employed in NI an otherwise identical female (male) graduate employed in the South East of England excluding Greater London earns, on average 11.1% more (6.7% more); and an otherwise identical female (male) graduate employed in Greater London earns, on average 29.8% more (25.6% more).

Occupation

- Graduates employed within 'high' status occupations⁶ in the UK earn, on average, 23.6% more than employed within Skilled Trades, Sales and other Elementary occupations.
- The financial reward to obtaining 'high' status employment is, on average, greatest in Scotland and Yorkshire and The Humber and lowest in NI. In the case of the former regions, graduates employed in 'high' status occupations can expect to earn, on average, 27% more than graduates in 'low' status occupations. In NI the financial reward is significantly less at 16%.

In sum, these results suggest that there is substantial variation around the average earnings of graduates according to degree subject, region of employment, occupation and industry, amongst others. There is variation by degree classification but not substantially so, certainly not for females at least. We contend, therefore, that estimates of the average rate of return to a university degree are likely to conceal much variation about the average.

As university tuition fees have become the norm and, in particular, as flat fees have been replaced with variable fees this kind of information will become increasingly vital for students to inform their decision making.

Analysis by Inequality Decomposition

One question that is of particular interest in the study of inequality is this: how much of the overall income inequality that we observe in a society can be explained by inequality within groups and how much can be explained by inequality between groups?

Applying this idea to graduate earnings, **Tables 3** and **4** present some of the key data reflecting the incidence of graduate income inequality in the UK. Firstly, consider **Table 3**, which presents summary graduate income inequality data for the 2004/05 cohort, on a regional basis. Key findings include:

5 Northern Regions: West Midlands, Yorkshire and The Humber, Northern Ireland, North West, North East, Wales, and Scotland
Southern Regions: Midlands, East of England, South East (inc. Greater London), and the South West
Peripheral regions: NI, Wales, Scotland and the North East
Central regions: West Midlands, East Midlands,

Yorkshire and The Humber, and the North West
South Excl. Gr. London: South West, South East and East of England
Greater London

6 High status occupations include 'Managers and Senior Officials', 'Professionals' and 'Associate Professional and Technical'

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Table 3: The Regional Divide in Graduate Income in 2005 - Values of inequality indices based on analysis of individuals by gross weekly income

	North	South	Peripheral	Centre	South excl. Gr. London	Gr. London
Observations	6,501	9,165	1,850	5,965	4,736	3,115
Mean Income (£)	287.41	327.99	286.15	288.57	305.47	377.87
Population Share (%)	41.5	58.5	11.8	38.1	30.2	19.9
Income Share (%)	38.3	61.7	10.9	35.3	29.7	24.1

Source: Author's calculations from HESA data

- mean gross weekly graduate income in the South (£328) was 15% higher than the corresponding level in the North (£287);
- the North, with 42% of all UK graduates, received only 38% of UK graduate income;
- at the regional level, the prosperous Greater London region with 20% of graduates in the sample, received almost one quarter of total graduate income and enjoyed a mean gross weekly per capita income that was 22% above the UK average. Conversely, the poorer peripheral region of the UK, with 12% of graduates, received 11% of total graduate income and had a mean per capita income that was 92% of the UK average;
- graduate income inequality in the North was slightly lower than in the South, though not markedly so⁷; and
- whilst average graduate earnings were greater in the South of the UK, they were also more unequally distributed.

Table 4 presents the results of decomposing graduate income

Table 4: Percentage within-and Between-Group Contributions to Inequality

Decomposition By	Contribution (%)
Region	
Within-Group Contribution	95.6
Between-Group Contribution	4.4
Total	100
Subject	
Within-Group Contribution	91.7
Between-Group Contribution	8.3
Total	100
Occupation	
Within-Group Contribution	78.8
Between-Group Contribution	21.2
Total	100
Industry	
Within-Group Contribution	94.8
Between-Group Contribution	5.2
Total	100
Institution	
Within-Group Contribution	89.0
Between-Group Contribution	11.0
Total	100

Source: Author's calculations from HESA data

inequality by subdividing the sample of graduates across the themes of heterogeneity already identified:

- Only 4.4% of overall graduate inequality in the UK could be 'explained' by differences in the mean income between

⁷ The value of the Gini coefficient in the North was 0.15, compared to 0.17 in the South

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regions. On the other hand, occupation provided the best explanation for the observed inequality in the distribution of graduate income: slightly more than one fifth (21.2%) of the inequality in incomes between graduates could be 'explained' by differences in the mean income between occupations.

- The general conclusion is that, for all five types of disaggregation the substantial part of overall inequality is the result of within-group inequality and only a very small part is due to between-group inequality.

Deprivation Analysis

Having applied the methodology of inequality decomposition to graduate earnings the analysis can be taken to a natural conclusion by investigating the source and extent of deprivation in UK graduate earnings. In this instance of course it is 'relative' as opposed to 'absolute' deprivation being examined. Consider **Table 5**, which presents an overall assessment of graduate deprivation in the UK.

The key findings from **Table 5** indicate that:

Headcount (H): the South had a greater *proportion* of graduates who were poor than did the North, for every poverty line; at the highest poverty line 6.8% of graduates in the South were poor as compared to 3.4% for the North.

Poverty Gap Ratio (R): the value of the Poverty Gap Ratio, at the higher poverty line, was significantly higher in the South indicating that the *depth* of graduate poverty was greater than in the North or, in other words, graduates based in the South were more poor than their counterparts in the North.

(G^p): Interestingly, the values of the Gini (poor)⁸ index suggest that there was a greater degree of income inequality among the poor in the North than in the South, even though the South had greater *numbers* (H) and *depth* (R) of graduate poverty.

However, looking at poverty in its totality, the lower value of (G^p) in the South was not enough to offset its disadvantage in terms

of higher values of (H) and (R); there was – judging by the Sen index⁹ – 'less' graduate poverty in the North of the UK.

Conclusion

In summary then this article presents some of the key findings from the DEL research report 'The Extent and Sources of Variation in UK Graduate Earnings'. The paper exploits individual-level HESA data for 2004/05 leavers from the UK university sector in order to investigate the determinants of graduate earnings. Further it presents an assessment of the source and extent of graduate income inequality and deprivation in the UK.

Applying econometric techniques we find that there is a relatively large and significant variation in graduate earnings according to the degree classification awarded, particularly for males. Given that degree classification is an *ex ante* outcome we can reasonably conclude that there must be considerable risk and uncertainty around the expected returns to a first undergraduate

Table 5: Graduate Poverty in the UK, 2004/05

	Graduate Poverty in the North		Graduate Poverty in the South	
Poverty Line	50%	75%	50%	75%
Head Count, H (%)	0.80	3.42	1.60	6.8
Poverty Gap Ratio, R (%)	0.32	0.72	0.33	1.10
Sen index (%)	0.44	1.10	0.52	1.56
Gini (poor), G ^p	0.20	0.14	0.16	0.08

Source: Author's calculations from HESA data

⁸ The Gini coefficient is a measure of income inequality where, for example, a country (or group of individuals) with a higher Gini coefficient (computed over all incomes) has a greater amount of income inequality than a country with a lower Gini coefficient. The Gini coefficient takes a value within the closed interval [0,1], 0 representing complete income equality and 1 complete income inequality. Therefore, the Gini (poor) or

G^p is a measure of income inequality amongst 'poor' individuals, that is, those whose income falls below the predetermined poverty-line level of income.

⁹ The Sen index represents the most comprehensive measure of poverty by introducing the concept of relative deprivation; computing income inequality over the incomes of 'poor' individuals. In this sense the Sen index is an increasing function of H, R and G^p.

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Alan Ramsey, Analytical Services, DEL

degree, again particularly for males. After controlling for the heterogeneity of students, we find limited evidence that graduate earnings vary to any significant extent by the type of institution attended. These two findings lead us to express concern at the introduction of, from Sept 2006, variable tuition fees. We argue that, firstly, the significant variation around the average return for a first degree will expose itself in the form of rather lower expected returns for some students. Secondly, if it is only better off students who can afford to finance the cost of relatively risky investments in those university courses associated with relatively high earnings, then there is likely to be an adverse impact on equality of opportunity and intergenerational mobility over time. Whether the operation of income-related exemptions and allowances will be sufficient to off-set this effect remains to be seen.

The problems associated with surveying graduates six months after graduation have already been noted. With a longitudinal DLHE Survey in the pipeline it will be possible for researchers and policymakers to gain a more accurate understanding of the early career trajectories of UK graduates. In particular it represents an exciting direction in which to develop this research paper.

'The Extent and Sources of Variation in UK Graduate Earnings' is available to download from the DEL website.

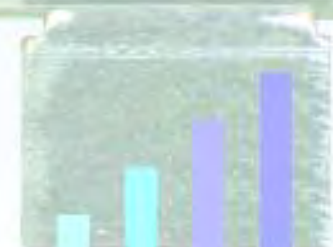
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Current Research on Higher Education Issues

Ann Mallon, Analytical Services, DEL

The Department for Employment and Learning (DEL) is involved in a range of Higher Education research projects founded on their commitment to develop a comprehensive evidence base to inform policy formulation and development. This article sets out details of ongoing Higher Education research commissioned by DEL, the findings from which will become available over the forthcoming months.

Longitudinal Destinations of Leavers from Higher Education (DLHE) Survey

The Destinations of Leavers from Higher Education (DLHE) survey is carried out by the Higher Education Statistics Agency (HESA), the central source for the collection and dissemination of statistics about publicly funded Higher Education in the UK¹. This survey, which has been running since 1995/96, was originally formulated to capture the position of all leavers six months after completing their programmes (the “Early Survey”). Given the limitations of gathering data only six months after graduation, ie many graduates may not yet have settled into their chosen career, HESA commissioned to undertake a follow-up survey three and a half years after leavers graduated (“Longitudinal Survey”).

HESA contracted a survey agency (IFF Research) to carry out the survey. The survey was conducted in Winter 2006/07 and was carried out among the cohort of students who completed a Higher Education course at an institution in the UK in 2002/03. The aim of the Longitudinal Survey was to collect similar information to the Early Survey on the activities of graduates approximately three and a half years after leaving Higher Education in order to compare and contrast labour market outcomes for this cohort a longer period after graduation.

The questionnaire covered the following topics:

- Main activity on 27th November 2006 (all graduates)
- Details of current employment (graduates in employment)
- Details of course and qualification aims (graduates in further study)
- Other qualifications obtained since 2002/03 (all graduates)
- Details of all activities since 2002/03 (sub-sample of graduates)
- Satisfaction with course taken in 2002/03 and career to date.

Analysis of the Longitudinal Survey data was carried out by the National Centre for Social Research (NatCen) and a report on the Longitudinal DLHE at the UK level was published in November 2007².

DEL plans to publish a report on NI specific analyses in Spring 2008.

Futuretrack

The Futuretrack survey is funded by the Higher Education Careers Services Unit (HECSU³) and is being carried out by a team of researchers from the Institute of Employment Research (IER) at the University of Warwick. Its purpose is to investigate students’ experiences in applying to study in Higher Education and track the



1 Results from the DLHE Survey have been published previously by DEL, for example see *Labour Market Bulletin* No 19, Chapter 15 www.delni.gov.uk/labour-market-bulletin-19.pdf

2 Report is available at <http://www.hesa.ac.uk/dox/dlhelongitudinal/0203/dlhelong200203final.pdf>

3 HECSU is a registered charity that supports the work of higher education careers services in the UK and ROI www.hecsu.ac.uk.

Current Research on Higher Education Issues

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education and career development of 2006 applicants over the next six years. The cohort is being surveyed at four points in their careers: as they are about to embark on Higher Education, one year later, after three years of study and finally in 2011.

The first questionnaire with applicants covered the following topics:

- Key skills required prior to HE entry
- Reasons for HE application
- What information was available to inform HE decision making
- Evaluation of HE experience – study, paid and unpaid work
- Current career aspirations
- Finance and debt
- Obstacles encountered and access to opportunities.

The research aims to provide an unprecedented and robust account of the way students plan and prepare for their working lives beyond university. The survey will provide an opportunity to track students through Higher Education and beyond, exploring at each stage how different types of students and graduates encounter opportunities and make career decisions. The key objective is to map the current and emerging graduate labour markets and the impact of Higher Education expansion on UK employment.

Findings from this research will be available at various intervals over the next few years and where available, information will be published at the NI level.

Participation in Higher Education in NI

This research is being carried out by Professor Bob Osborne (University of Ulster), Professor Tony Gallagher (Queen's University, Belfast) and Dr Alayne Smith (University of Ulster). The aims of this research project are to examine the decision making processes of year 14 pupils in a sample of schools and colleges in NI in order to assess the factors underpinning decisions to study in NI and decisions to leave NI for undergraduate study. The research will also examine, through a representative survey of year 12 pupils, the choices and perceptions of this cohort of school students in relation to further and higher education, training and employment.

The methodology of the research is based on two surveys. The first survey is based on a representative survey of year 14 pupils in post primary schools and FE colleges in NI. The second survey is solely school based and includes year 12 pupils in sampled schools. Both surveys are representative in terms of religion, gender, school type and location.

It is anticipated that the research will enable an understanding of how key social and economic characteristics of students relate to educational achievements and predicted achievements and decisions students make with regards to Higher Education.

It is envisaged that this research will be published in Spring 2008.

Analysis of UCAS applicants

The Department for Employment and Learning has previously published two research reports⁴ which utilised data provided by the University and Colleges Admissions Service (UCAS) to analyse the characteristics and choices of NI domiciled full-time undergraduate students accepted for Higher Education places in the UK. The second report also examined those students who applied through UCAS for a place but were not accepted.

The Department now holds data on UCAS applicants for the last five academic years and intends to publish a report which will provide information on trends observed in the characteristics and choices of students over the years. This report is due to be published by early 2008.

Higher Education Research and Development and Knowledge Transfer in Northern Ireland

Nola Hewitt-Dundas, Stephen Roper and Jim Love, InnovationLab (Ireland) Ltd

As part of the Department for Employment and Learning's (DEL) Research Agenda, InnovationLab (Ireland) Ltd were commissioned to draw together information on the investment in higher education R&D (HERD) and knowledge transfer outputs. Key findings presented in this article suggest that relative to other regions, HERD is resourced appropriately with investment in knowledge transfer activities in the NI universities being similar to that in other GB universities. In terms of technology transfer activities, while NI has significant strengths, weaknesses also exist relative to other UK regions¹.

Context

In DEL's Research Agenda 2004-07 two key questions were posed in relation to Higher Education in NI. First, compared to other regions, are NI Higher Education R&D and knowledge transfer activities resourced appropriately so that they can play their part effectively in building a knowledge based regional economy? Second, in terms of delivering successful economic and social outcomes, how do the Higher Education R&D and technology transfer activities in NI compare with similar regions elsewhere?

In considering the role of universities as knowledge generators and drivers of regional innovation it is also important to recognize the wider social and economic role of the universities in NI. For example, Queen's University Belfast and the University of Ulster are clearly the most important providers of higher education in the region, enabling both individuals and local firms to create future wealth. The universities also play an important social and cultural role, contributing to the cultural life of NI both as organisations and through the efforts of individual members of staff. In economic terms too the universities are important players in the local economy, both as employers and as exporters of educational services through the education of external students. Albeit conscious of this wider remit of higher education in NI, our focus

in the research commissioned by DEL was on the role of NI's universities as generators of knowledge and the exploitation of this knowledge.

Background

Regional economic growth strategies increasingly stress the importance of building a knowledge-economy, with universities as knowledge-generators and industry as a key exploiter of this knowledge. Such a view reflects a systemic approach to innovation and economic development with strong co-ordination, co-operation and collective effort among the different actors.

Academic studies on the effect of Higher Education Research & Development (HERD) on the wider economy generally distinguish between short-term effects which typically occur during the lifetime of a project and long-term effects that may persist or develop for many years afterwards. For both short and longer-term effects however, the crucial issues are complementarity between HERD and Business Expenditure on R&D (BERD), potential crowding-out effects, and the ability of local firms to absorb and benefit from HERD investments.

In NI, the potential crowding out effects relate primarily to the availability of R&D personnel, emphasising the importance of considering the supply of scientific labour as a key element in the region's capacity



¹ Full copies of the report are available from DEL
<http://www.delni.gov.uk/index/publications/pubs-higher-education/he-research-development-knowledge-transfer.htm>

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to benefit from HERD. In terms of the gains for innovation and productivity from HERD in NI, the primary issue is the absorptive capacity of local firms. BERD is a good proxy measure for absorptive capacity suggesting the potential importance of the balance between HERD and BERD expenditure. The implication of this being that attempts to increase HERD in isolation is unlikely to generate significant regional benefits without matching or larger increases in BERD. In policy terms this suggests the importance of a joined-up and consistent approach with HERD investments matched by initiatives to increase BERD and so develop absorptive capacity among local firms.

Investment in Higher Education R&D in NI²

In 2003, levels of total HERD in NI amounted to £129.1m,

equivalent to around 0.6 per cent of GDP, significantly above the UK average. Indeed, in 2003 this figure was higher in NI than in all other UK regions with the exceptions of Scotland and London (**Figure 1**). Notably too in 2003, HERD accounted for an unusually large proportion (44-49 per cent) of all regional R&D spending (**Figure 2**). In international terms this level of HERD spending put the level of HERD spending in NI at around that in Denmark and the Netherlands³.

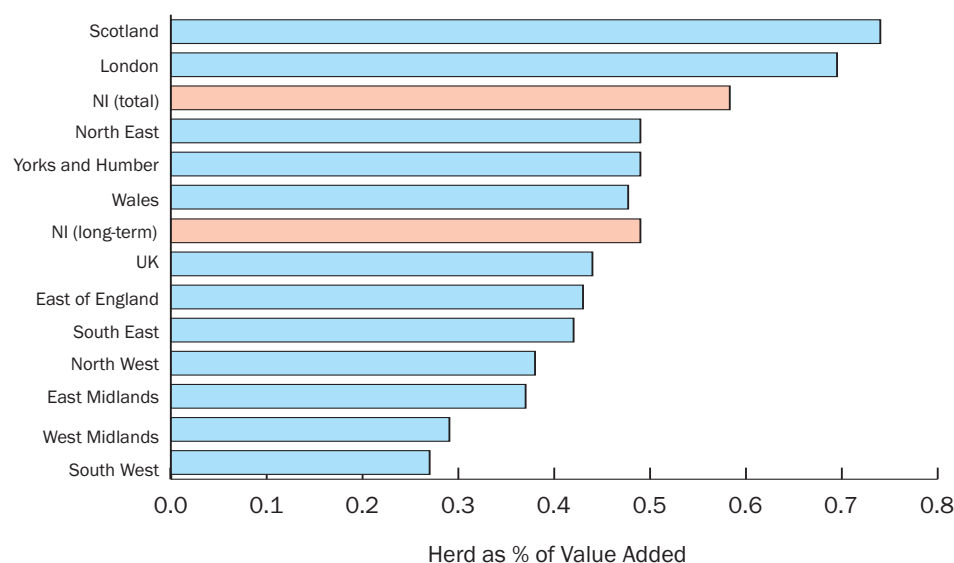
Source of HERD funding

Direct government support for HERD in NI (essentially the Research Assessment Exercise settlement) accounted for 51.7 per cent of all higher education R&D spending in the region in 2003. If short-term funding initiatives are excluded from HERD – in particular the SPUR and RTD Centres of Excellence

initiatives – then this proportion increases to 63.2 per cent. The main point here is that, irrespective of whether short-term funding is included or not in the calculation of HERD, direct government support for HERD in NI is considerably above the UK average (39 per cent).

In contrast, the proportion of HERD in NI funded from external sources in 2003 was lower than in other UK countries. More specifically, external research income in the NI universities was equivalent to 93.2 per cent of direct government support as compared to 155.7 per cent in the UK as a whole. If once more we exclude short-term funding initiatives from these calculations then external research income in the NI universities was 58.2 per cent of direct government support compared to an average of 155.7 per cent in the UK.⁴

Figure 1: Higher Education R&D as a Percentage of Regional Value Added, 2003⁵



² When undertaking this research, figures for HERD in 2004 were available for NI but the most recent data published for all UK regions relates to 2003. Comparisons here are therefore based on 2003 data.

³ At this time two major initiatives were having a significant short-term effect, increasing HERD levels in NI. The SPUR initiative – jointly funded by DEL and Atlantic Philanthropies – added around £14m to HERD spending in NI in 2003/04 and the Centres of

Excellence Programme added an additional estimated £10m. Taking these short-term schemes out of the NI figures suggests a level of underlying, long-term, HERD investment of around £104m in 2003, 0.5 per cent of GDP. For completeness figures for HERD in NI are therefore presented both as total HERD (including short-term additional funding) and long-term HERD (excluding additional funding).

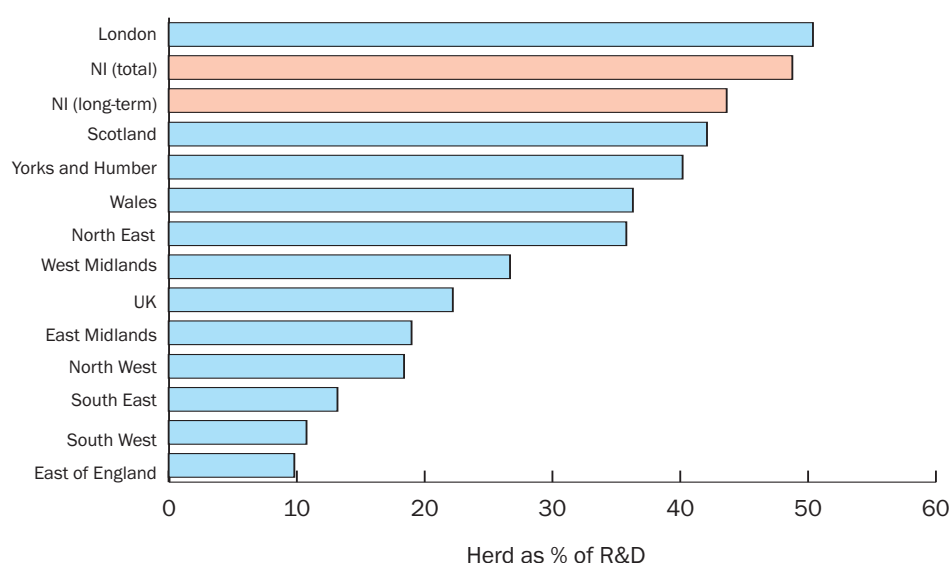
⁴ The short term funding initiatives (i.e., Invest NI's RTD

Centres of Excellence programme and DELs SPUR initiative) were unique to NI. There were no equivalent or indeed similar funding streams in the rest of the UK.
⁵ Sources: GB regions – Research and experimental development (R&D) statistics, 2003, Economic Trends 621 August 2005, Office for National Statistics 28. NI R&D Statistics 2005, DETI.

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Figure 2: Higher Education R&D as a Percentage of Regional R&D Spending, 2003



In other words, NI universities, in 2003, obtained a proportionately lower level of income from external research sources than the UK average. This therefore reflects a lower level of leverage among the NI universities i.e. the conversion of direct government support into external research income, compared to elsewhere in the UK. This raises interesting questions as to why levels of external research income in NI, from the research councils,

charities and industry were low compared to UK average levels.

Investment in Knowledge Transfer Activity in NI

The main funding source for university to business technology transfer in NI is the Higher Education Innovation Fund (HEIF). Over the 2004/5 to 2006/7 period this was provided jointly by Invest NI and DEL, an annual combined spend of just over £2.4m.

Compared to other UK regions, investment in knowledge transfer activity in NI appears to be low as a proportion of HERD spending, at 1.9 per cent of HERD, compared to around 3.4 per cent in Wales. At the same time however, it should be remembered that HERD is relatively higher in NI relative to most other GB regions. If short-term funding for HERD in NI is excluded then the ratio of knowledge transfer spending as a percentage of long term HERD rises to 2.3 per cent, similar to



Table 1: Knowledge Transfer Funding as a Share of HERD

	Knowledge Transfer Spending 2005/06 (1)	HERD 2003 (2)	Knowledge Transfer Spending as % of HERD (1)/(2)
England	93.5	3606.0	2.6
Wales	5.9	175.0	3.4
Scotland	13.0	575.0	2.3
NI (Total)	2.4	129.0	1.9
NI (Long-term)	2.4	104.0	2.3

Notes and Sources: Knowledge Transfer Spending 2005/06 for NI is based on a total allocation by Invest NI and DEL over the period 2004/05 and 2006/07 of £7,283,948 (which excludes funding for seedcorn and associated management costs which was not formally offered to the Universities).

Higher Education Research and Development and Knowledge Transfer in Northern Ireland

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levels in Scotland but below that in England and Wales.

An alternative basis of analysis is investment in knowledge transfer on a per institution basis. Here knowledge transfer spending in NI is comparable to levels received under HEIF2 in England, however it is anticipated that under the new English HEIF3 programme, on average, investment per institution per annum in England will rise to £1.5m, slightly above the NI investment of £1.2m. It is worth noting however that in the most recent allocation of funds for knowledge transfer activity to the NI universities through HEIF2, overall funding of £3m per annum is similar to that for English universities, assuming equal distribution between the two NI universities.

Technology Transfer Outcomes in NI

The research base in NI is less diverse than in other UK regions and closely parallels industrial strengths and priorities as identified by Invest NI and the DTI. Yet, despite research quality which is *on a par* with the UK average, along with strong complementarity between research expertise and industrial strength, research income from industry is particularly low.

One possible explanation for this relates to a low absorptive capacity of NI firms, as measured by BERD. This raises important strategic issues for the NI universities if they are to

balance expectations of pursuing world class research with undertaking research that is relevant to the regional economy.

In terms of exploitation of intellectual property by the universities, absolute numbers of disclosures, patent applications, the portfolio of patents and spin-out activity suggests above average performance by the NI universities. One issue of concern from the data however, is the proportion of patent awards relative to patent applications by the NI universities. NI has the largest differential on these two measures and given the resources involved in filing patents further research is warranted into the reasons for this difference.

Licensing is not well developed in NI, and where it does occur it tends to be focused on non-software licenses and small firms. As with the difference between patent applications and patent awards it is difficult, based on available data, to conclude why this is the case and the economic consequences of it.

If we try to move beyond absolute levels of technology transfer activity and attempt to gauge the effectiveness by which HERD is translated into technology-transfer outputs by the NI universities then a different picture emerges (**Table 2**)⁶.

This assessment suggests that NI is the least efficient UK region in terms of the number of patent awards granted, the number of non-software licenses issued and the level of IP income from non-SMEs⁷. In addition, relative to levels of HERD, NI universities are performing below the UK average in the number of disclosures, IP income from SMEs⁸ and the combined number of university spin-offs and staff start-up companies. NI Universities are however outperforming other UK regions in the number of patent applications and spin-out companies being formed, relative to expenditure on R&D.

Summary

It is possible for the NI universities to make a significant contribution to future regional economic development. Relative to other UK regions, knowledge transfer and IP management practices are well-developed with a commitment by the universities to align their knowledge transfer strategies with public sector policy and the underlying economic landscape.

There is a danger in the public sector of encouraging HERD to be more applied and experimental, in-line with the research capability of local firms. This would have a number of detrimental effects including a weakening of the academic research base and a decline in international reputation. More appropriate may be the development of a differentiated

6 More specifically we examine the level of technology transfer outputs i.e. disclosures, patent applications, patent awards, licenses, IP income and spin-outs relative to expenditure on R&D by the NI HEIs (see **Table 2** for more information on data sources).

7 That is, firms with 500 or more employees.

8 That is, firms with fewer than 500 employees

Higher Education Research and Development and Knowledge Transfer in Northern Ireland

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Table 2: Rank Order of Government Office Regions for efficiency of HERD to technology transfer activity (2002-03)

RANK	Per Disclosure	Per Patent Application	Per Patent Granted	Per License (non-software)	Per £1000 IP income from SMEs	Per £1000 IP income from non-SMEs	All Spin-offs and Staff Start-ups (1)	Spin-offs Only (2)
Most Efficient								
1	West Midlands	South West	North West	South West	Wales	Scotland	West Midlands	NI
2	East of England	South East	East Midlands	West Midlands	East of England	West Midlands	East Midlands	West Midlands
3	East Midlands	Scotland	Scotland	East Midlands	West Midlands	East Midlands	South East	South West
4	North West	West Midlands	South East	South East	South East	London	Wales	East Midlands
5	South East	NI	South West	Scotland	East Midlands	East of England	North West	Wales
6	Wales	East Midlands	West Midlands	London	South West	South East	Yorkshire and The Humber	East of England
7	South West	North East	Yorkshire and The Humber	East of England	London	Yorkshire and The Humber	North East	Yorkshire and The Humber
8	Scotland	East of England	London	North East	NI	Wales	NI	South East
9	North East	Wales	East of England	Wales	Scotland	North East	Scotland	Scotland
10	London	North West	North East	North West	Yorkshire and The Humber	North West	South West	North West
11	NI	Yorkshire and The Humber	Wales	Yorkshire and The Humber	North West	South West	East of England	London
12	Yorkshire and Humber	London	NI	NI	North East	NI	London	North East
Least Efficient								

Notes: (1) Graduate start-ups are excluded from this metric. Relative to other GOR's the number of graduate start-ups is low among NI HEIs. Excluding this from the overall figures therefore improves NI's benchmark position.

(2) This includes only Spin-offs with or without HEI Ownership

Rank Order is calculated as follows: HERD figures are derived from ONS (Economic Trends No 621) for each of the GOR's in the UK (the one exception to this is NI where the figure is derived from DETI - see note 2). Data on technology transfer for each of the metrics considered above are derived from HEFCE (2005).

NI : HERD is based on figures from DETI NI Business R&D statistics, 2004, published 25 November 2005 - HERD is estimated at £129.1m for 2003. It should be noted that this value of HERD differs from that published by ONS where NI HERD is estimated at £100m for 2003. Economic Trends 621 August 2005. Research and experimental development (R&D) statistics 2003, ONS, Table 14 - Estimated GOR breakdown of expenditure on intramural R&D in the Business, Government and Higher Education Sectors, 2003.

Source: Economic Trends 621 August 2005, Research and experimental development (R&D) statistics 2003, ONS, Table 14 - Estimated GOR breakdown of expenditure on intramural R&D in the Business, Government and Higher Education Sectors, 2003 HEFCE (2005/07) Higher Education business and community interaction survey, Annex A



Higher Education Research and Development and Knowledge Transfer in Northern Ireland

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strategy whereby basic research is supported by effective technology transfer organisations. Indeed, an expansion of NI's capability in basic research is desirable, funded from sources where there is currently under-investment, namely research councils and industry.

Moving forward it is clear that universities are going to become even more important as drivers of regional competitiveness. Determining appropriate levels of HERD in the knowledge generation process and subsequently the capability to exploit this knowledge through technology transfer is therefore crucial.

FURTHER INFORMATION

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An Examination of the Economic Impacts of Higher Education Institutions in NI on the UK and Regional Economy

John Kerr, Analytical Services, DEL

This study utilises the Universities UK Economic Impact Modelling system to model the quantifiable economic impacts of the NI Higher Education Sector on the regional and national economy for the period 2004/05.

Background

The economic and political significance of higher education is attracting increasing policy attention as policy makers in 'regions everywhere are coming to regard universities as core resources for their economic and social development'¹. Recent attention has focused on its contribution to the stock of human capital and, in light of the introduction of variable fees, on the rates of return to graduation. However, it should be noted that Universities are significant businesses in their own right which generate substantial income and jobs for the regional and national economy. Therefore, in an effort to capture and quantify this the Department for Employment and Learning (DEL) utilised the Universities UK Economic Impact Modelling system² in conjunction with Higher Education Statistics Agency (HESA) figures for the period 2004-05 to model the impact of the NI Higher Education sector (herein after referred to as the sector) on the economy of NI and the UK for the academic and financial year 2004-2005.

This study has examined income, expenditure and employment data for the sector³ in the academic and financial year 2004-05 in order to model those aspects of the sector's contribution to the economy that can be readily measured. The data is then used to model estimates of the economic activity generated in other sectors of the economy through

the secondary or 'knock-on' effects of the expenditure of the sector, its constituent staff and students. These 'knock on' or multiplier effects are generally recognised as comprising two types of economic interaction:

- Indirect effects: Higher Education Institutions (HEIs) purchase goods and services from other sectors in order to support their own activity, thereby stimulating activity within those industries. The supplying industries also make purchases from other suppliers in order to fulfil the orders from HEIs, and those suppliers in turn make purchases, so that there is a rippling-out effect.
- Induced effects: HEIs pay wages and salaries to employees, who in turn spend this income on consumer goods and services. This creates wage income for employees in other sectors, who also spend their income and so on, creating a ripple effect throughout the economy as a whole.

Overall, the study presents a detailed examination of the quantifiable contribution of the NI Higher Education sector to the economy of both NI and the rest of the UK.

The analysis showed Higher Education in NI to be a substantial business, with total revenue of £382 million in the academic year 2004/05. The majority of the sectors income (47.8%) derived from public



1 David Charles et al. (2003) 'The Regional Mission of Higher Education in NI'. Labour Market Bulletin #17 Department for Employment and Learning, Belfast www.delni.gov.uk

2 The model used was a 'Type II' input-output model based on actual UK data derived from the 2001 UK Input-Output Tables (Office of National Statistics)

together with Labour Force Survey and Annual Business Inquiry data. The definition of region used was the area corresponding to the boundaries of the regional development agency. A UK wide report is available from UUK entitled 'The Economic impact of UK HEIs (2002/03)'

3 For the purposes of this study the NI Higher Education sector is defined as the four NI HEIs (University of Ulster; Queen's University Belfast; Stranmillis University College; and St. Mary's University College)

An Examination of the Economic Impacts of Higher Education Institutions in NI on the UK and Regional Economy

John Kerr, Analytical Services, DEL

sector funding council grants, as illustrated in **Figure 1**.

For future comparative analysis, given the introduction of variable tuition fees in 2006/07, it may be worth noting that tuition fees, education grants and contracts were the sectors third largest source of income (16.3%).

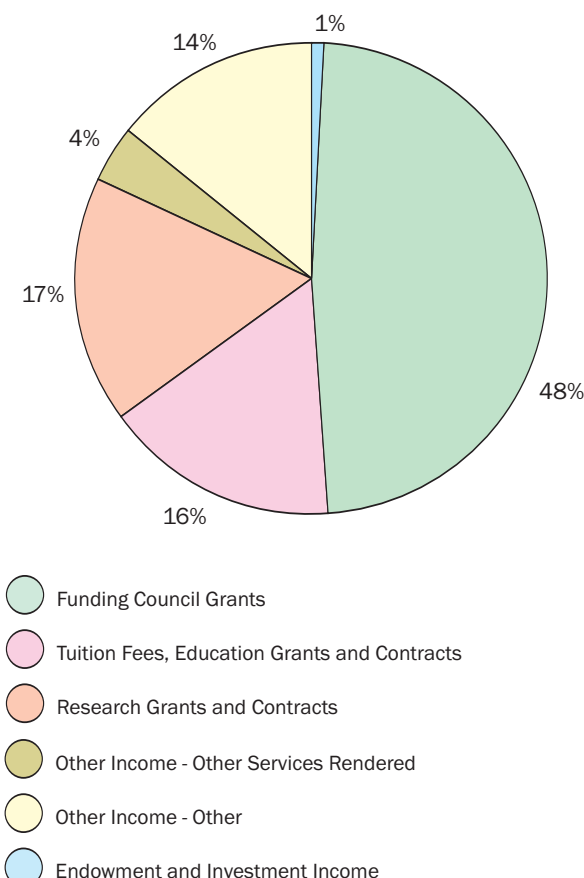
The sector directly employed 6,544 full-time equivalent jobs across a range of occupations. The breakdown of these is shown in **Figure 2** which illustrates that 41.4% of these jobs were directly involved in teaching/research. The Higher Education sector spent £370 million in the 2004/05 academic year, the majority of this (61.2%) was spent on staff costs.

In addition to the employment provided directly in the four HEIs within NI, it is estimated that jobs were also generated in other industries across the UK as a result of the knock-on effects of their combined expenditure. This is shown in **Figure 3**.

Of the 5,904 jobs created outside the four NI HEIs in other UK industries, 3,248 of these were estimated to have been generated in NI with the remaining 2,656 jobs distributed in other regions of the UK.

The study also examined the impact of the off-campus expenditure of international students⁴ who were studying in one of the four HEIs for the

Figure 1: Income received by NI HEIs by source, percentage for the period 2004-05



period 2004-05. The analysis showed that in 2004/05 the sector attracted 5,975 non-UK students, who spent an estimated £29 million off the various campuses in the province. The sector's own overseas revenue of £21 million, together with the estimated expenditure of overseas students illustrates that the sector was responsible for generating just over £50 million in export earnings.

⁴ The expenditure of UK-domiciled students was excluded (as those monies cannot be regarded as additional to the UK economy.)

An Examination of the Economic Impacts of Higher Education Institutions in NI on the UK and Regional Economy

John Kerr, Analytical Services, DEL

Figure 2: Staff in the Higher Education Sector in NI by class (% FTEs)

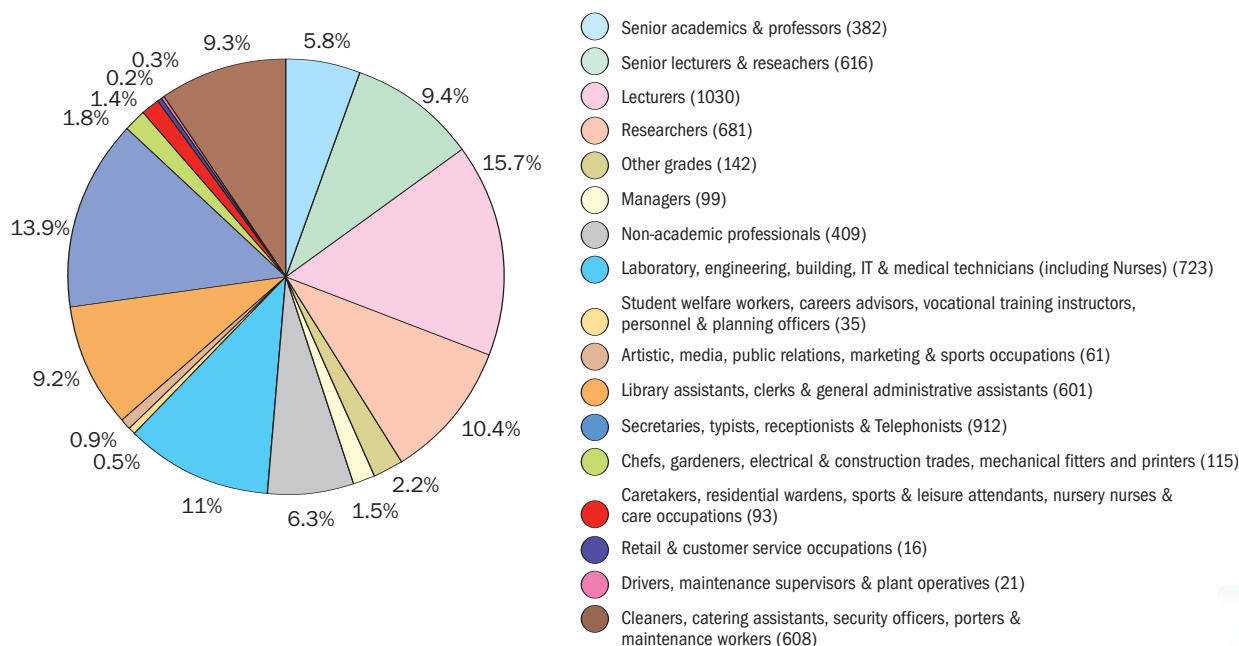
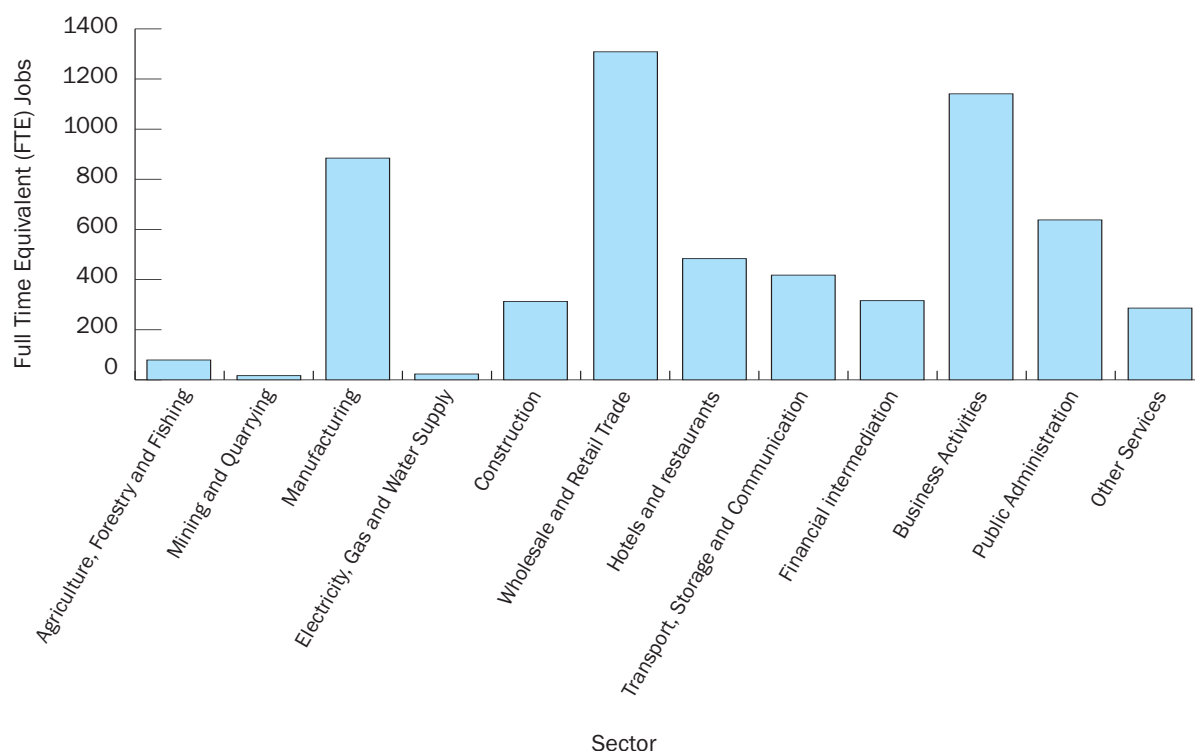


Figure 3: Estimated Employment Impact of NI HEIs on UK Employment (FTEs)



An Examination of the Economic Impacts of Higher Education Institutions in NI on the UK and Regional Economy

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Overall, the model indicates that the sector's activities generated over £927 million of output in the UK, with around £621 million (67%) of this in NI and £306 million in the rest of the UK. This comprised the sectors' own output of £382 million together with £545 million of output generated in other UK industries through secondary or 'knock-on' effects as illustrated in **Figure 4**. The figure shows the sector's output impact is most apparent in the manufacturing, business activities and retail industries as these account for (55.5%) of the sectors' output impact on the UK.

in NI has made significant direct and indirect contributions to the economy of NI and of the UK as a whole in the academic year 2004/05. However, it is worth remembering that whilst the HE sector is increasingly recognised as an engine of economic development its impact cannot be viewed exclusively in terms of knock-on or multiplier effects. It also has a key and primary role of contributing to the Economic Vision for NI⁵ by increasing the stock of human capital to provide the skills for a knowledge-dominated economy. It thus will also contribute to NI – and the UK – achieving the targets set out in the Leitch Review of Skills (see Chapter 4 of this Bulletin). Higher Education also has an important impact on the social and cultural

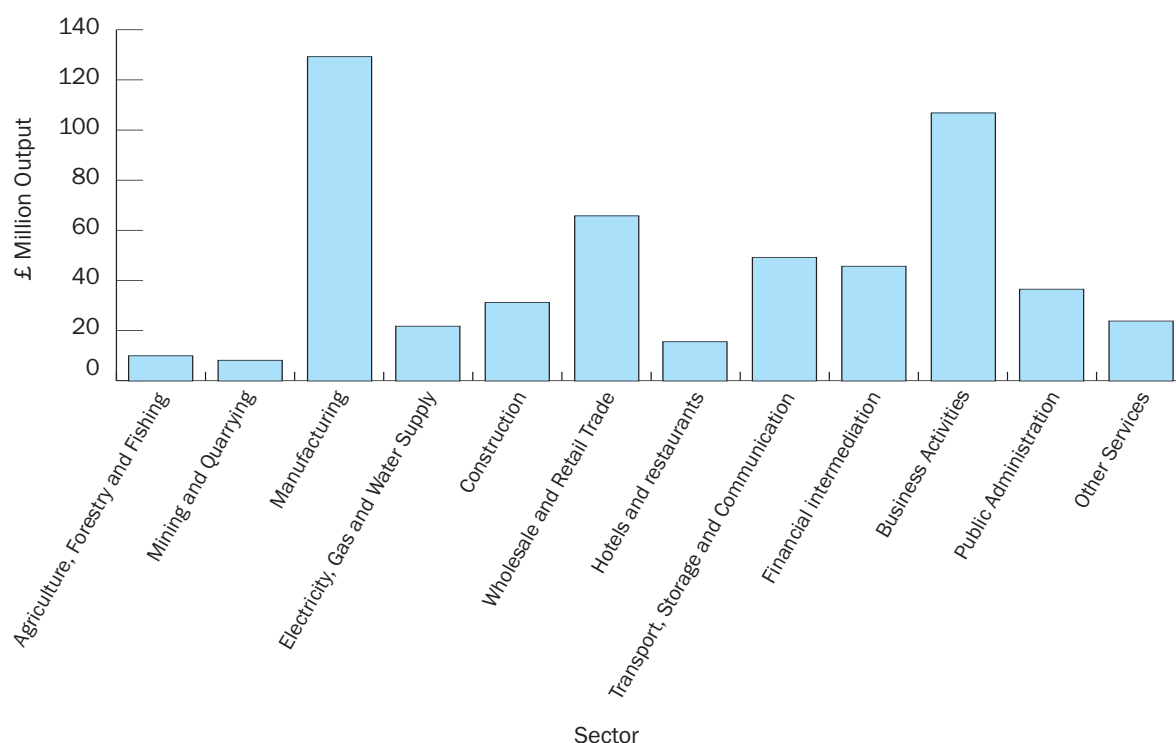
environment and this in turn has an impact on the economic environment within which business operates.

This is a finding that is broadly consistent with the existing literature⁶, DEL is also currently co-funding an ESRC led research project to assess the impact of HEIs on UK regional economies. In particular, the project will seek to assess these impacts in relation to transferring knowledge, research, expertise and skills to society for economic, social and cultural benefits. The value of these core HE outcomes are not captured in this Universities UK input/output model.

Conclusions

In summary, the study has shown that the Higher Education Sector

Figure 4: NI Higher Education Sectors' Output Impact on the UK (£ millions)



⁵ The Economic Vision for NI is underpinned by higher value added jobs, enhancements to productivity and competitiveness which will be achieved by addressing the key productivity drivers of innovation, entrepreneurship, skills and investment. The Economic Vision for NI as published in 2005 and can be found at the website of the Department for Trade and Investment www.detini.gov.uk

⁶ David Charles et al. (2003) 'The Regional Mission of Higher Education in NI' Labour Market Bulletin 17, Department for Employment and Learning www.delni.gov.uk

Understanding why People Return to New Deals in Northern Ireland

Paul Bivand, Ciaran Boylan, Mark Morrin & Dave Simmonds, *Inclusion and Locus Management*

Last year's Labour Market Bulletin¹ gave preliminary results of research into why people return to New Deal in NI. A full report was published earlier in the year²; this article summarises the main findings. The research will be used to inform the development of interventions to maximise the chances of returners move into sustainable employment.

Introduction

In July 2007 the Department for Employment and Learning (DEL) published its first study of people who return to New Deal. This article builds on an article in the last issue which described some interim findings. DEL commissioned the Centre for Economic and Social Inclusion (*Inclusion*) and Locus Management to investigate the characteristics of New Deal returners in NI, and identify reasons why some people may be more likely to return to New Deal. The aims of the research were to:

- Provide a comprehensive description of the characteristics of New Deal returners
- Benchmark the employability of returners against all New Deal starters and other comparators
- Examine in detail the reasons why New Deal was not initially successful for returners
- Consider what (if any) interventions may be more appropriate for those that are returning.

The study was able to analyse the full DEL New Deal dataset comprising of all of those people that have started on New Deal, including those who have more than one 'episode'³. However, the details recorded on the DEL dataset is not sufficient to provide a comprehensive description of returners, therefore an in-depth survey of

500 returners was also conducted. The full methodology consisted of:

- a literature review
- an analysis of the DEL New Deal dataset
- a survey of 500 returners
- face-to-face interviews with New Deal returners; and
- interviews with key stakeholders, including Personal Advisors and New Deal providers.

The Department for Employment and Learning had recognised that an increasing proportion of all people starting on New Deal had already been on the programme in the past. This had also been recognised in GB where the UK Government had piloted a programme specifically targeted at New Deal returners. The pilot, called StepUP, finished in 2004 and the evaluation⁴ was published in 2005. The findings from the evaluation of StepUP (also conducted by *Inclusion*) provided the opportunity to benchmark NI returners against GB returners.

The UK government is also concerned at the extent of those people who are repeat claimants of Jobseekers Allowance. Whilst many of these may not return to New Deal, it has been increasingly recognised that some JSA claimants 'churn' between low paid insecure employment, claiming benefits and New Deal. Consequently, DEL wanted to understand more about the characteristics of New Deal returners and if there is



1 Labour Market Bulletin #20, Chapter 16 www.delni.gov.uk/labour-market-bulletin-20.pdf

2 Available at www.delni.gov.uk/new_deal_returners-june07.pdf

3 An 'episode' is recorded each time someone starts on New Deal, a returner will therefore have multiple episodes.

4 'Evaluation of StepUP', Bivand et al, Research Report 337, DWP 2005.

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anything that could be done to minimise the number of people that 'churn' between benefits, programmes, and short-term employment.

The extent of returning to New Deal

The New Deals covered are the New Deal for 18-24 year olds and New Deal 25 Plus, and DEL has supplied an anonymised dataset containing information on activities undertaken by participants since 1998.

Between 1998 and 2005 a total of 28,000 people returned to New Deal representing 32% of all starts. Conversely, as currently designed and delivered, 68% of New Deal starters have been successful in not returning to New Deal. Of all those who return the majority have currently undertaken one additional episode, which means that 89% of all starts do not return to New Deal after they have completed one or two episodes.

However, around 10% of all starts since 1998 are those people entering a New Deal for a *third* time. Furthermore there are over 2,000 people who have started on New Deal four or more times.

Compared to the 18-24 New Deal, a lower proportion of New Deal 25 plus returners had just two New Deal episodes (60.4% for the 25 Plus group compared to 69.9% for the 18-24 group) and a larger proportion had

Table 1: New Deal returners in NI by number of New Deal episodes

Number of New Deal episodes	Frequency	Percent
2	18,265	65.0
3	7,564	26.9
4	1,944	6.9
5	265	0.9
6	42	0.1
7	9	0.0
8	3	0.0
Total returners	28,092	100.0

three episodes (30.8% compared to 22.6% for the younger age-group). However, there are fewer of the older age-group who have very high number of episodes than for the New Deal for Young People. This is likely to be due to the interval between New Deal 25 plus episodes being longer than that for the New Deal for Young People.

Just over half (51.4%) of New Deal returners were of Catholic community background, and nearly one-third (32.4%) stated they were of Protestant community background. 12.9% did not state a community background and 3.0% stated an 'other' background.

There is some indication that the interval between the first and second episode for the New Deal for Young People is linked to the chance of returning for further episodes, but this may require further research to determine its predictive value. It is possible that those who do not succeed in obtaining a job from New Deal return at, or

close to, the minimum interval possible. Those who succeed at first in the labour market from New Deal but drop out later will have longer intervals. The interval between episodes may thus relate to the personal characteristics and attitudes of the participant and to the labour demand in the area. For example, while the overall average interval between first and second episodes for New Deal for Young People participants was 15 months, in areas of low demand such as Foyle and Lisnagelvin intervals were between 13.2 months and 14.0 months respectively.

This has the potential to be a useful indicator of the likelihood of returning to New Deal and the extent of detachment from the labour market, however more analysis is required before the significance of 'interval time' can be established relative to other possible indicators.

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Survey of New Deal returners

The survey was completed in the summer of 2006 and consisted of 524 respondents against a target sample of 500. An innovative approach was used for the survey. Respondents were invited into a variety of community venues across NI and were asked to complete the survey on-line, the results of which were downloaded to a secure database. Below are some of the key characteristics, and where possible, compared to GB returners from the StepUP evaluation.

The NI survey helps to build a profile of New Deal returners. The analysis of employability assists in identifying key factors for policy-makers to address in order to increase job outcomes for New Deal returners. The principal findings suggest that:

Attitudes to Personal Advisers and New Deal

- New Deal returners were overwhelmingly positive about Personal Advisers. This did not differ with employment history.
- Protestant returners and those in high demand areas were least positive about Personal Advisers, whilst Catholic returners and those in low demand areas were most positive.
- Overall, returners had positive views about whether New Deal had helped them, and about whether doing New Deal again would be helpful.

- Protestant returners and those in high demand areas were least positive about both whether New Deal had helped them and whether doing New Deal again would be helpful.

Work history

- Many returners have either had no job at all (21.2%) or no job for a period of five years or more (12.8%).
- Those who have never worked are more likely to be aged between 18 and 24 (28.9%) than 50+ (9.6%).

Community

- A smaller proportion of respondents in the Catholic community have never worked (16.6%) than respondents from the Protestant community (24%) and respondents who declined identification (25.3%).
- When in work Catholics have held jobs for longer periods of time than Protestants, although they have also spent more time out of work.

Age

- NI has larger proportions of New Deal returners than in GB who are over 25 and under 55.

Health

- Relatively few NI returners (12.2% of the 25 Plus age-group) report limiting health problems and this is a major difference from GB where 39% report health problems.
- Health problems are a larger issue in high demand areas

than in either Belfast or low demand areas.

Qualifications

- Over half of New Deal returners (53.2%) have no qualifications. More than two-thirds (67.7%) have either no qualifications or qualifications below NVQ Level 2.
- Returners in high demand areas had the lowest qualification levels: returners in low demand areas had higher qualifications, on average.
- Older returners (50 and over) are the least qualified – 85.9% have either no qualifications or qualifications below NVQ Level 2.
- Young returners (18 – 24) have higher qualification levels than other age groups, while Protestants have higher qualification levels than Catholics.

Mobility

- Mobility is a key issue, with many New Deal returners identifying 'not having a driving licence' as limiting opportunities for work (68%). Only 31.2% of returners have a drivers licence or access to a car.
- Returners in low demand areas had stronger views about the need for transport assistance in jobsearch than those in high demand areas and in Belfast.



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Household

- Work incentives may be affected by household status. Many New Deal returners in NI live alone, particularly those aged 25 to 49 (47%) and 50 plus (50%). Few live as a couple, with or without children (15%). These household statuses change the extent to which people may be better off in work and in relation to the speed of Housing Benefit processing changes from out-of-work benefit to means-tested in-work benefits.

NI returners were compared with returners in GB using the survey findings from the control group used in the evaluation of StepUP. The key differences found were that:

- A higher proportion of NI returners have either never worked or not worked in the last 3 years.
- Older returners in NI have held fewer jobs since leaving school than their counterparts in GB.
- NI returners are less likely to report health problems than GB returners. For the 25 plus age-group, 12.2% in NI report problems compared to 39.3% in GB.
- Overall New Deal returners in NI are less qualified than their GB counterparts (with the exception of trade apprentices and NVQ level 3). However, New Deal returners aged 18-24 tended to be more qualified than their StepUP control counterparts (52.6% of 18-24 have an NVQ2 or above in NI, 35.7%

in GB), while older returners in NI (especially those over 50) compared less favourably to GB returners.

- Attitudes to work amongst New Deal returners in NI suggest that they are less confident about jobsearch and less willing to travel to a job than their GB counterparts. These views do not differ substantially with religion or community background.

Employability of New Deal returners

The survey results were used to produce an employability score based on two dimensions of 'objective' and 'subjective' employability. This methodology was developed for the StepUP evaluation and applying it to the NI sample enabled a direct comparison between the two groups.

Indices for subjective and objective employability were derived in order to compare the relative effects of both employability measures on the chances of being in work. The results of this analysis show that both measures are positively linked to the chances of being in work (as should be the case) and that the interaction has a small but significant negative effect. An important finding was that overall, subjective employability has a substantially greater effect on the chances of being in work than does objective employability.

There are distinct differences in employability measures between communities. The range in employability, on both subjective and objective dimensions, is greater for Protestants than for Catholics. While there are substantial numbers of Protestants with higher objective employability than the average for Catholics, on the subjective dimension this positive difference almost disappears.

When comparing New Deal returners in NI with GB, the analysis finds that responses are broadly comparable, although there are fewer cases of 'high' employability on both measures in NI than GB. However, there were some differences that are useful for informing policy and programme design.

New Deal returners in NI believed strongly that the location of a job was important when looking for work, and disagreed that being able to move was important. Mobility issues, particularly both possession of a driving licence and sole access to a car, are highly significant in affecting employability.

Objective employability varies across labour demand areas (it is higher in Belfast than in either high or low demand areas) subjective factors do not show such a discrepancy, and are significantly more positive for low demand areas than the objective measure.

New Deal returners in NI also displayed a relative lack of

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confidence in their jobsearch skills and interview techniques, although older people are more confident in their ability to work than younger respondents even if they have less skills and/or qualifications. However, higher age remains a key negative factor in employability, when other factors are taken into account.

Considering the evidence from both the quantitative and qualitative research about the various characteristics of New Deal returners and the barriers to employment, which they face, a number of distinct groups or employability types emerge from the analysis. The characteristics of New Deal returners support an understanding of a segmented client group that varies greatly in terms of its ability and willingness to work.

These types consist of four main groups that are characterised by varying degrees of capability to work (objective employability) and willingness to work (subjective employability). These are:

1. High objective and high subjective employability - those whose level of employability suggests that they can work and who actively want to work, but remain out of work
2. High objective and low subjective employability - those who could work but are less motivated to do so
3. Low objective and high subjective employability - those who want to work but are presently unable to

4. Low objective and low subjective employability - those who are both unable and unwilling to work

Stakeholder perspectives

A range of interviews⁵ were conducted with various stakeholder to elicit the differing perspectives and observations about New Deal. The perceptions which many stakeholders have about New Deal, often conflate policy intent, programme design and implementation issues. New Deal returners, in particular, do not recognise that their experience of New Deal may be subject to the variations in implementation across NI.

One of the main observations by all stakeholders concerns the perceived inflexibility of the New Deal programme. This includes the limited choice and quality of options available to all customers. Both Personal Advisers and providers feel constrained in terms of what they are able to offer returners that may differ to or improve upon previous experiences. Opportunities to enhance the New Deal programme in NI through match funding arrangements with other funding sources or to work with local regeneration strategies are limited compared to how the New Deal has integrated with other programmes in GB.

The general improvements in NI's economy are recognised by all stakeholders including New

Deal returners. However, significant disparities in local job markets are still a problem. Transport and mobility is a key issue especially in rural areas, while persistent problems of post-code discrimination, employment lock out and the 'chill factor' remain. The limited ability of New Deal to respond to employment growth in NI and to deliver demand led provision has been widely observed.

Stakeholders recognise that New Deal returners represent a varied client group and that a one-size fits all solution will not meet their needs. Greater programme flexibilities have been identified to provide a more person centred employment service, which in turn places new demands in terms of the capacity and capability of the existing infrastructure to deliver this. DEL has anticipated many of these requirements, reflected in the findings of their front line review and the development of their new flexible menu, 'Steps to Work'.

Recommendations

A number of recommendations result from the research:

- Design improvements at all stages of New Deal are needed, but a priority group for targeting should be those who are returning for a third (or more) episode.
- The findings on age would suggest that there are significant differences that require targeted interventions



⁵ New Deal returners, Training Organisations, Personal Advisers, DEL managers and other partners either involved directly in the delivery of New Deal or with a strategic interest in the performance of the programme in NI.

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for the younger and older age groups.

- Within the 25+ age group there are significant differences suggesting that a more personalised approach is needed to cater for the different characteristics and circumstances. Older returners are less successful than their GB counterparts and more attention is needed to reduce returning for this group.
- The heterogeneity of returners, as well as the extent of multiple disadvantages, would suggest that to improve New Deal requires a menu-based approach that gives a stronger emphasis on the flexibility of what can be offered and for how long.
- Greater flexibility in the design and delivery of New Deal would enable provision to be tailored to both the needs of local labour markets as well as the different characteristics of returners in those areas.
- On becoming eligible for New Deal again there should be an extended Personal Adviser interview which:
 - Can assess the main reasons for returning
 - Assess whether more in-depth assessment is required
 - Sends a clear message that there will be new and more support.
- There should be capacity to refer to either a specialist PA and/or external assessment

that will provide an in-depth assessment of both objective and subjective employability.

- DEL should consider the use of the Employment-Zone model in areas of higher concentration of returners that will provide integrated interviews, assessment and provision.
- Within a more flexible New Deal place a greater emphasis on demand-led activity, for example:
 - Direct brokerage for younger returners and the more job ready
 - A strengthened Employer Option
 - Supported employment in line with TEP for older returners and those with low employability
 - Access to training to qualifications in demand by employers.
- Recognise that extended duration of provision is often required for older returners and those with the lowest employability.
- An entitlement to secure a first NVQ Level 2, including post-employment training to gain the qualification if required and a more unitised and sector based approach to NVQ training.
- Improve job search provision to make it more intensive for young people, and improved access for everyone throughout participation on New Deal.
- Greater utilisation of the Adviser Discretion Fund, particularly around mobility and travel to work.

- A broader partnership approach to embed New Deal in local area initiatives and the needs of local employers.
- A re-branding of New Deal for returners to signify a new and different offer.

During and subsequent to this research DEL was moving towards the implementation of many of these recommendations, including a flexible menu of provision, through the introduction of 'Steps to Work'. Similarly the recent DWP consultation report 'Into Work; Better Off'⁶, sets out the reforms it regards as necessary to create a 'flexible New Deal'. The proposals are intended to enable provision to be more tailored to the individual. In addition, repeat JSA claimants enter intensive jobsearch at an earlier stage and qualify for New Deal sooner than others. Overall the research supports the general approach that a distinctive approach needs to be taken for New Deal returners if they are going to increase their chances of finding and keeping work.

New Deal Leavers Survey: Preliminary Results

Maria McDonnell and Kelly Wilson, KPMG

New Deal was launched in 1998 as a key element of the incoming Labour Government's Welfare to Work policy. Its key aim was to give unemployed people greater opportunities to find sustainable employment. The two main programmes are New Deal for 18 to 24 year olds and New Deal 25+. There are a number of Options that people on each of the programmes can undertake to help them increase their employability. KPMG was commissioned to conduct research into the destinations, attitudes and experiences of a sample of more than 1,900 people who have recently participated in New Deal for 18 to 24 year olds and New Deal 25+, and this article reports preliminary findings from that survey.¹

Introduction

The New Deal programme was launched in 1998 to give unemployed people the opportunity to develop skills and experience to increase their chances of finding work. More than 144,000 people have now participated in the programme and 4,987 participants were on the New Deal programme at the end of June 2007. The two main programmes are New Deal for 18 to 24 year olds (hereafter New Deal 18-24) and New Deal 25+.

New Deal 18-24

The New Deal for 18-24 year olds is mandatory for young people who have been unemployed and claiming Jobseeker's Allowance (JSA) for a continuous period of 6 months or more. It is designed to help unemployed young adults find sustained employment through a series of initiatives designed to increase their employability and equip them with relevant skills for the labour market. It begins with a period of intensive help and support lasting up to 16 weeks called Gateway. New Deal Personal Advisers assist participants during this period to identify barriers to employment and seek to address these through accredited training, advice, guidance and jobsearch. Following the Gateway period participants who remain unemployed enter one of the following New Deal Options:

- Employment Option: a subsidised job with an employer lasting up to 26

weeks, which includes training.

- Full-time Education and Training Option: up to 52 weeks work experience and training including NVQs.
- Voluntary Sector Option: a 13 week programme consisting of structured work experience placements, voluntary participation on short accredited training courses and intensive job search.
- Environmental Task Force Option: a 13 week programme of work experience placements, voluntary participation on short accredited training courses and intensive job search.

There is also provision for those interested in self employment.

New Deal 25+

New Deal 25+ is mandatory for those people aged 25+ who have been unemployed and claiming JSA for 18 months or longer, or for 18 months out of the last 21 months. It aims to help unemployed adults find sustained employment through a series of initiatives designed to increase their employability and equip them with relevant skills for the labour market. New Deal 25+ also begins with a Gateway period of intensive help and support lasting up to 16 weeks. Following the Gateway, participants who remain unemployed enter one of the following New Deal Options:

- Employer Subsidy - a subsidised job with an



1 This article gives preliminary results which may be subject to change following further verification and analyses that KPMG are currently undertaking in preparation of the completion of the final report. This article is not suitable to be relied on by any party wishing to acquire rights against KPMG for any purpose or in any context.

New Deal Leavers Survey: Preliminary Results

Maria McDonnell and Kelly Wilson, KPMG

employer lasting up to 26 weeks which facilitates the transition into work.

- Preparation for Employment Programme: a programme consisting of work experience placements, voluntary participation on short accredited training courses and intensive job search.
- Education and Training Opportunity: up to 52 weeks of work experience and training where participants may undertake accredited courses such as NVQs.

A self employment route is also available within this New Deal.

Methodology

KPMG was commissioned to conduct research into the destinations, attitudes and experiences of a sample of customers who recently participated in the New Deal for 18-24 year olds and the New Deal 25+. The final achieved sample was 1,924, of whom 947 had participated on New Deal 18-24, and 977 on New Deal 25+.

In particular, the objectives of the research were to:

- Provide information on the current status of participants.
- Detail their post New Deal history, particularly moves to employment and the sustainability of that employment.
- Detail their experiences of, and attitudes to New Deal as a whole, to the various elements of New Deal,

(Gateway, Options) and to New Deal Personal Advisers.

- Examine the extent to which the New Deal has met the expectations of participants.
- Provide information on participants' perception of the quality and appropriateness of the provision delivered during the Options.

In conjunction with the Steering Group for the project, KPMG developed a comprehensive questionnaire covering current activity, previous and recent work activity (where relevant), experiences of New Deal and attitudes to New Deal. We surveyed a representative sample of 1,924 New Deal participants who were stratified by the type of programme i.e. New Deal 18-24 and New Deal 25+ and subsequently by Option. Interviews were conducted on a one-to-one basis by trained interviewers from Ipsos MORI. Preliminary summary findings

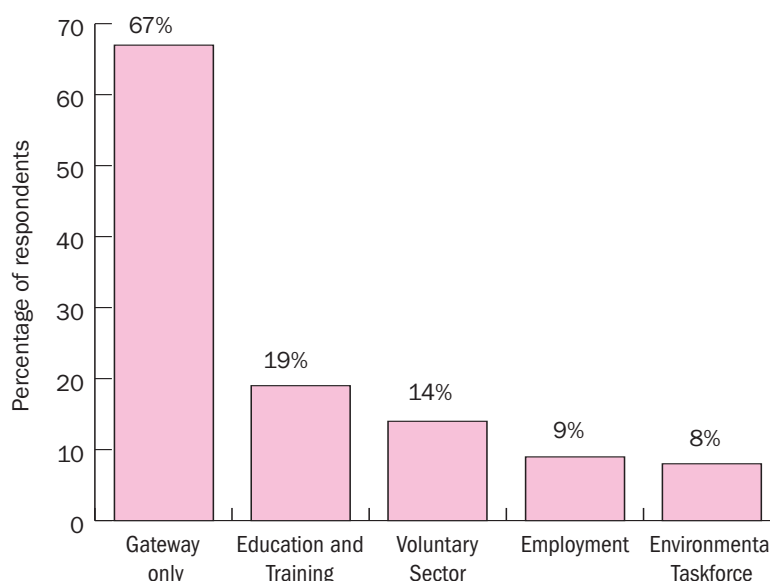
are presented in this bulletin and should be read with reference to the full report which will provide more in-depth analysis and will be published at a later date by the Department for Employment and Learning. It should be noted that data has been weighted to account for the relative sample sizes of participants on the various New Deal Options, and this, plus subsequent rounding up, results in small differences in some of the totals reported.

Results – New Deal 18-24

Background of New Deal 18-24 Participants

A total of 947 participants took part in the survey. The majority (70%) of respondents were male and nearly all were single (97%). The average age of respondents was 22 years. As shown in **Figure 1** the breakdown of respondents by New Deal Option was as follows:

Figure 1: Respondents by New Deal 18-24 Gateway and Options



New Deal Leavers Survey: Preliminary Results

Maria McDonnell and Kelly Wilson, KPMG

Figure 2 shows that the majority of respondents reported having a qualification (67%); conversely a third of respondents (33%) did not have any qualifications from school or college.

It is notable that 42% of those respondents who had a qualification were in a paid job at the time that the survey took place compared with only 21% of respondents who did not have any qualifications. Respondents who had qualifications were more likely to be working in professional/managerial or technical/skilled non-manual occupations (44%) compared with 24% of those who did not have any qualifications.

Current Status of New Deal 18-24 Participants²

When respondents were asked what they were currently doing most of the time, unemployed and looking for work (43%) and working in a paid job (35%) were the most frequently given answers, as demonstrated in **Figure 3**.

Nearly two-thirds of respondents (63%) reported that they had signed on as unemployed since leaving New Deal 18-24, of whom 62% said they were signing on as unemployed at present: conversely nearly two-fifths (38%) of those who had been unemployed at some stage since leaving New Deal were not unemployed at the time of the survey.

Figure 2: School or college qualifications

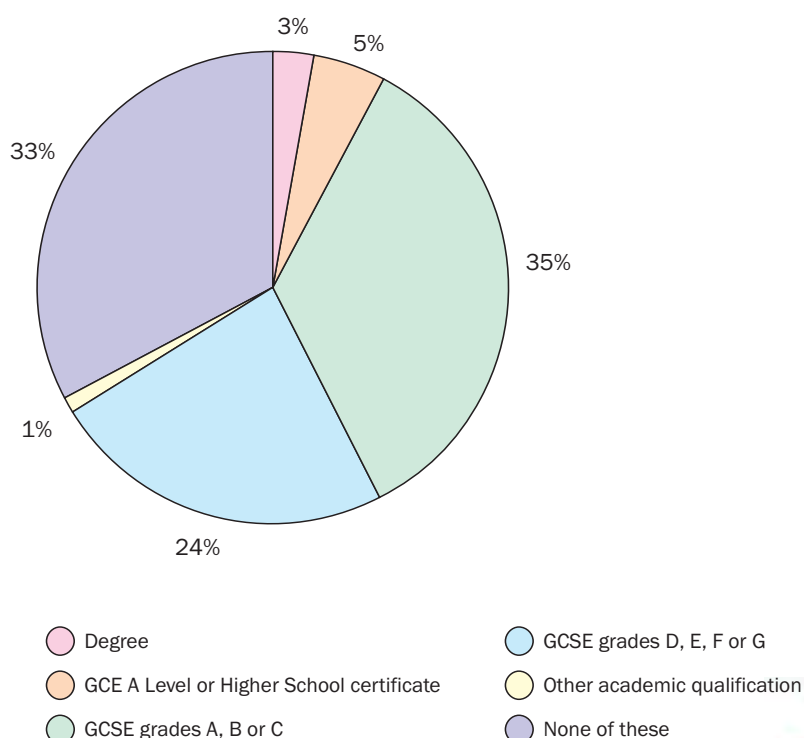
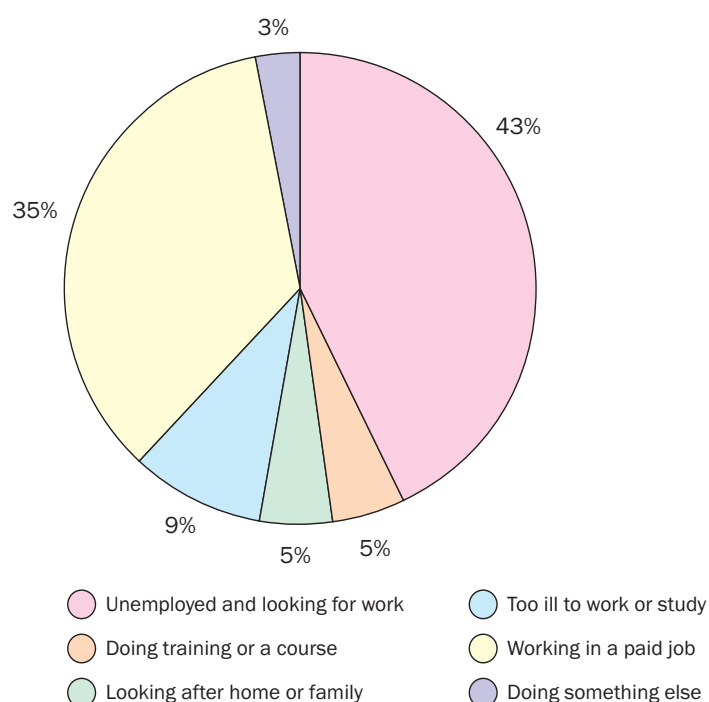


Figure 3: What respondents are currently doing



² This relates to what respondents were doing *most of the time* and responses here are not directly related to subsequent questions on the current activities of respondents e.g. unemployment status, participation in training etc.

New Deal Leavers Survey: Preliminary Results

Maria McDonnell and Kelly Wilson, KPMG

Employed New Deal 18-24 Participants

Around one-third (35%) of respondents said they were working in a paid job at the time of the survey. The majority of these (84%) were working in a permanent job and chiefly as an employee (94%). The majority of those in work (86%) did not have supervisory or managerial duties. The number of hours worked by employed respondents ranged between 5 and 72 hours with an average of 34 hours per week. The rate of pay ranged between £2.00 and £12.50 per hour with an average hourly rate of £5.82. A small number of respondents (10 people, or 3%) reported earning less than the national minimum wage (development rate for people aged between 18 and 21) of £4.45 per hour at the time of the survey.

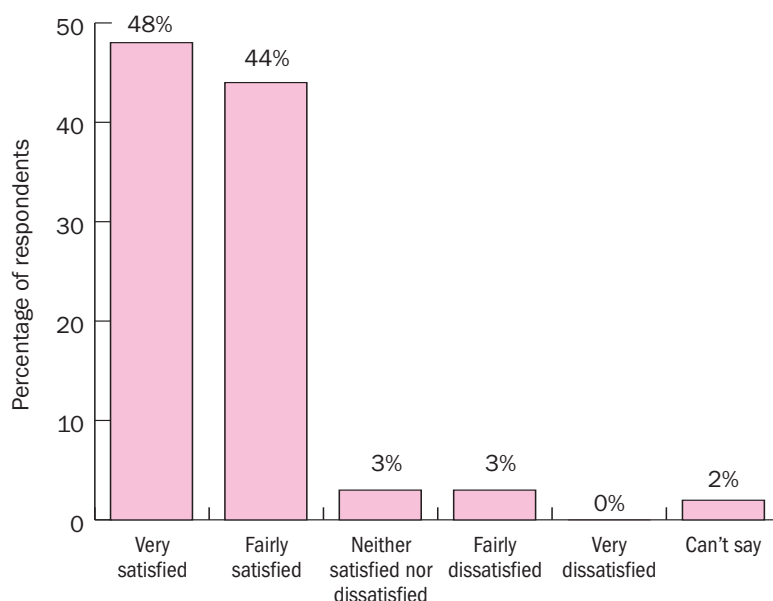
Respondents who were working in a paid job were employed in a broad range of industries but the greatest number worked in the wholesale and retail trade (20%) and in construction (15%).

Figure 4 shows that 92% of respondents who were currently working in a paid job were either very satisfied or fairly satisfied with their job.

Unemployed New Deal 18-24 Participants

More than four out of ten (44%) respondents said they were signing on as unemployed at present. Participants who had completed New Deal 18-24

Figure 4: Satisfaction with current job



Employment Option were least likely to be signing on as unemployed at present (4%) while participants who had completed New Deal 18-24 Environmental Taskforce Option were most likely to be signing on as unemployed at present (47%). Most (84%) of the respondents who were signing on as unemployed were currently looking for work at the time of the survey.

Participants who claimed to be signing on as unemployed at present were claiming a range of benefits. The majority were claiming Jobseeker's Allowance (83%) but a small proportion said they did not receive any of the benefits listed (2%).

New Deal 18-24 Participants Doing Training or a Course

One in ten (10%) of all respondents said they were

taking part in education, training or a course. Most (82%) of these respondents said the training or course that they were taking part in was aimed at obtaining a particular qualification. These qualifications were primarily at NVQ/SVQ (27%) and Degree/Diploma (18%) level. The main ways in which respondents had heard of the training or course they were currently taking part in was directly from the college/education or training centre (36%); through their New Deal Personal Adviser (29%); or through their employer (13%).

The main places where respondents did the training or courses they were currently taking part in were Further Education colleges (29%); University or Higher Education colleges (18%); and their place of work (16%).

New Deal Leavers Survey: Preliminary Results

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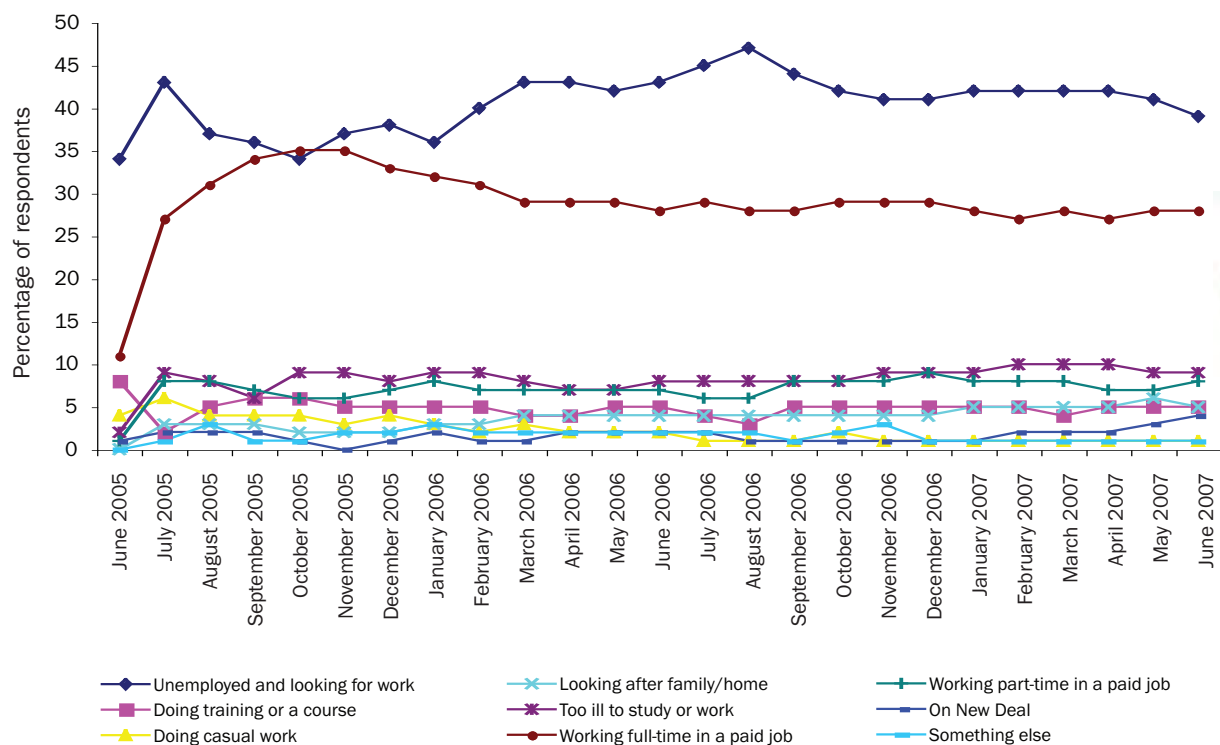
Destination of New Deal 18-24 Leavers Over Time

Figure 5 shows trends in the destinations of New Deal 18-24 participants during a 2 year period between June 2005 and June 2007. The proportion of respondents who said they were working full time increased steadily until November 2005, declined until March 2006 and then remained fairly steady at

around 29% until June 2007. Conversely, the proportion of respondents who were unemployed and looking for work decreased until November 2006, increased steadily until August 2006 and then remained fairly steady at around 42% until June 2007. The proportions of respondents doing casual work decreased slightly after the early months of 2006 then remained steady thereafter. This decrease

in respondents doing casual work coincided with a slight and sustained increase in the proportion of respondents who were looking after family/home. Throughout the period between June 2005 and June 2007, there were trendless fluctuations in the proportion of respondents who were doing training or a course, on New Deal, working part-time in a paid job or something else.

Figure 5: Destination of New Deal 18-24 Leavers June 2005-June 2007



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Satisfaction with New Deal 18-24

Figure 6 shows that three-fifths (60%) of respondents felt either very satisfied or fairly satisfied with New Deal 18-24. This indicates high levels of satisfaction overall but it is notable that 14% of respondents nevertheless indicated that they were either very dissatisfied or fairly dissatisfied and that a further 10% could not say.

Two-thirds (68%) of respondents were either very satisfied or fairly satisfied with the advice and opportunities offered by their New Deal Personal Adviser and a similar proportion (64%) were either very satisfied or fairly satisfied with the advice and opportunities offered by their Job Centre.

Figure 6: Overall satisfaction with New Deal 18-24

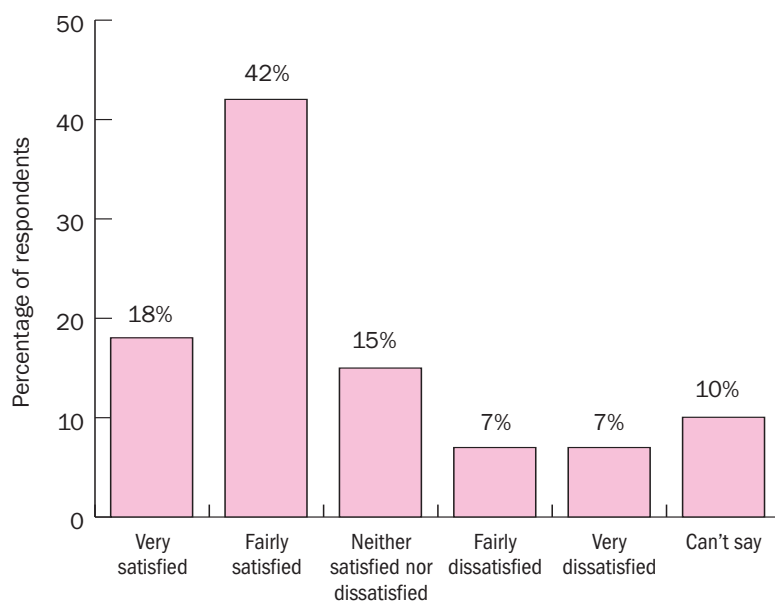
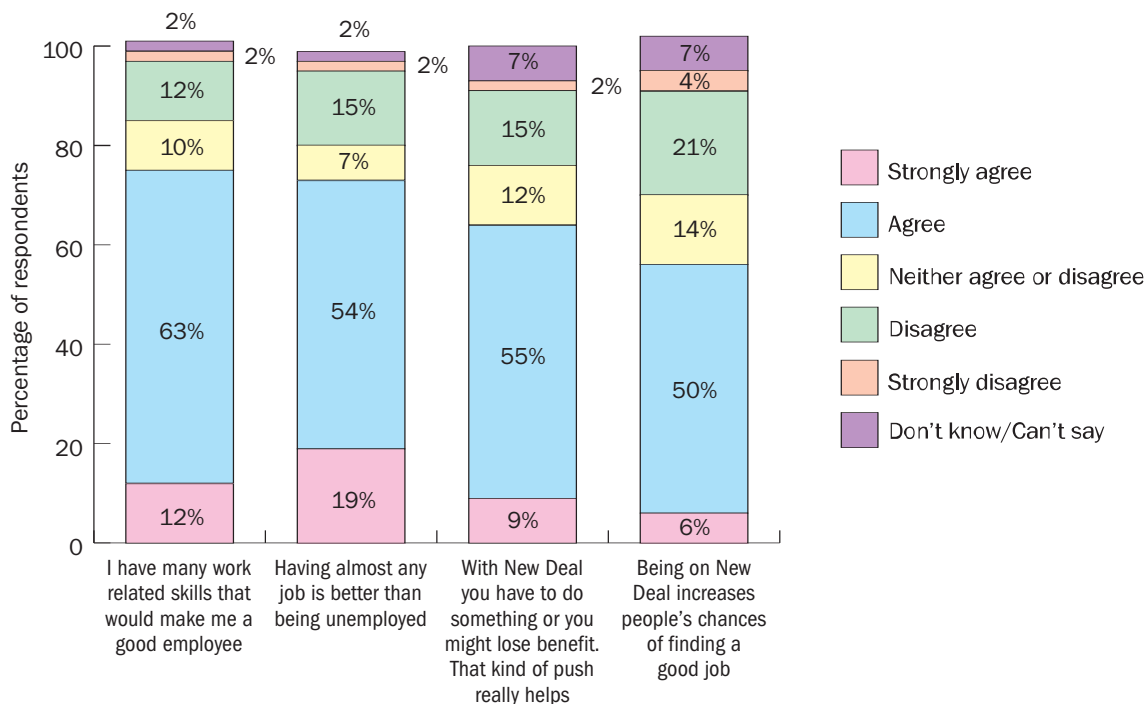


Figure 7 shows that the vast majority of respondents either agreed or strongly agreed with a range of positive statements about New Deal that suggest

they have a desire to work and believe that New Deal provides incentives to work and increases their chances of finding a job.

Figure 7: Attitudes towards New Deal 18-24



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Figure 8: Respondents by New Deal 25+ Gateway and Options

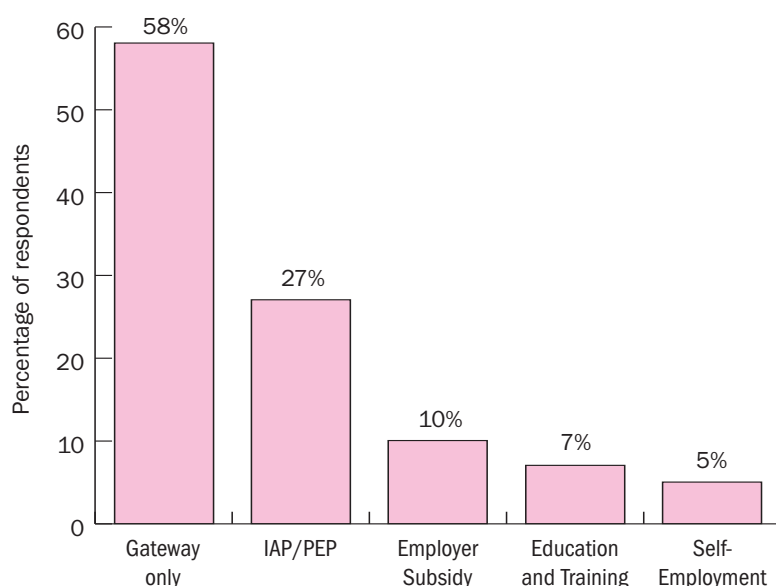
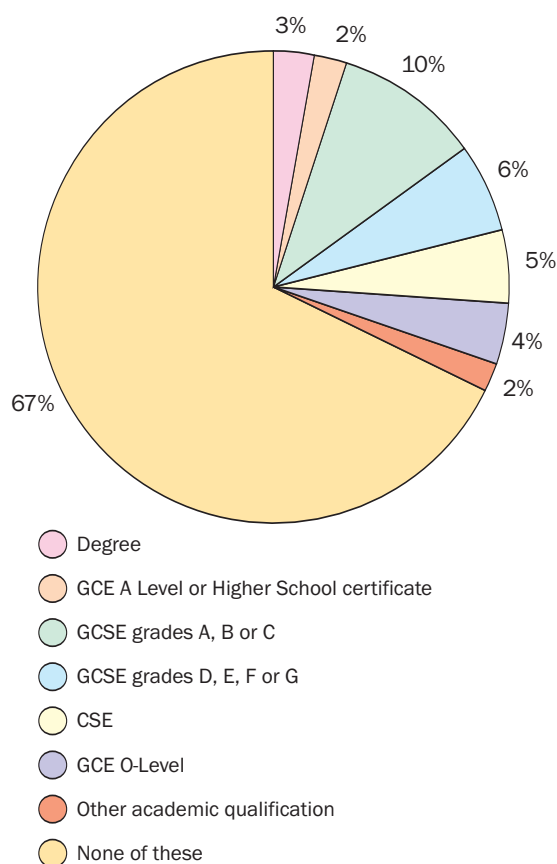


Figure 9: School or college qualifications



Results – New Deal 25+

Background of New Deal 25+ Participants³

A total of 977 New Deal 25+ participants took part in the survey. Three quarters (75%) of respondents were male. Just under half (46%) were single and almost a third (32%) were married and living with their husband or wife, while the remainder were divorced (11%), separated (8%), widowed (1%) or in a civil partnership (1%). The age of respondents ranged between 25 and 64 years with an average age of 45 years. The breakdown of respondents by New Deal Option was as follows:

Figure 9 shows that only a third (33%) of New Deal 25+ respondents left school or college with a qualification: around two-thirds (67%) left school or college without any formal qualifications.

It is notable that just under half (46%) of those respondents who had a qualification said they were working in a paid job at the time of the survey compared with only 20% of respondents who did not have any qualifications. Respondents who had qualifications also had a slightly higher average hourly rate of pay than respondents who did not (£7.04 compared with £6.20 respectively) and were more likely to be working in professional/managerial or technical/skilled non-manual occupations (47%), compared with 22% of those without any qualifications.

³ See footnote (2)

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Current Status of New Deal 25+ Participants

When respondents were asked what they were currently doing most of the time, half (49%) reported being unemployed and looking for work whilst a further 22% were working in a paid job (Figure 10). A further 16% said they were too ill to work or study.

More than two-thirds (70%) of all respondents had signed on as unemployed since leaving New Deal 25+, of whom 74% said they were signing on as unemployed at present.

Employed New Deal 25+ Participants

Nearly a quarter (22%) of respondents reported that they were working in a paid job. The majority (90%) of these respondents were working in a permanent job; and most (76%) were employees. Two-thirds of those working did not have supervisory or managerial duties. The number of hours worked by these respondents ranged between 3 and 80 hours with an average of 31 hours per week. The rate of pay ranged between £5.00 and £30.00 per hour with an average hourly rate of £6.62. One in twenty (5%) respondents reported earning less than the national minimum wage for this age group of £5.35 per hour.

Respondents primarily worked in construction (21%) or the wholesale and retail trade (14%).

Figure 11 shows that 88% of respondents who were currently

Figure 10: What respondents are currently doing

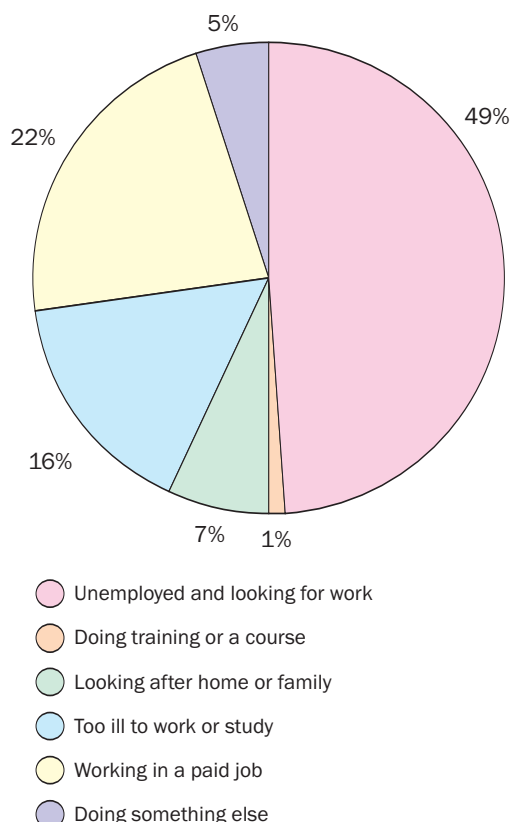
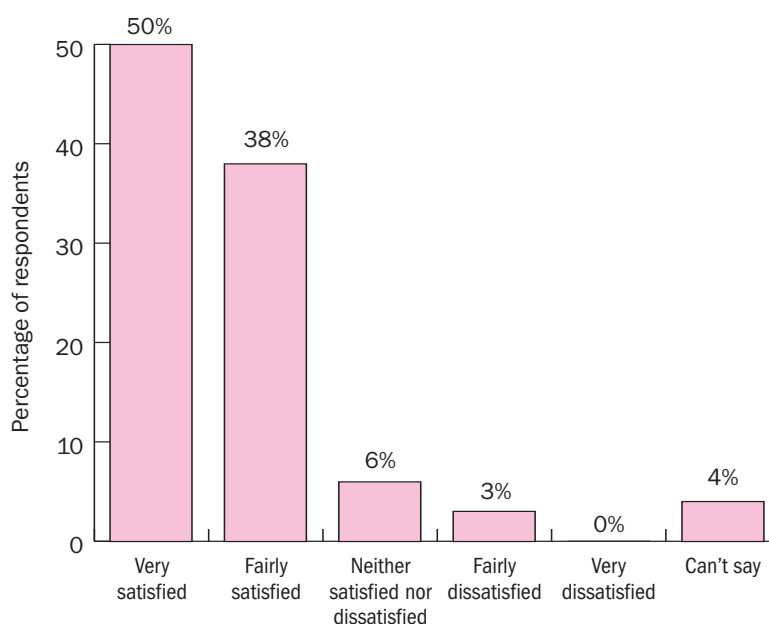


Figure 11: Satisfaction with current job



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working in a paid job said they felt either very satisfied or fairly satisfied with their job.

Unemployed New Deal 25+ Participants

More than half (54%) of respondents said they were signing on as unemployed at present. Participants who had been on the Self Employment Option were least likely to be signing on as unemployed at present (2%) while those who had participated on the Gateway or Preparation for Employment Programme Options were most likely to be signing on at present (45% and 37% respectively).

Most (87%) of respondents who were signing on as unemployed were looking for work at present.

More than a quarter (27%) of those respondents who were signing on as unemployed reported having a health problem or disability that was likely to last for more than a year that affects the kind of work they are able to do. Problems with arms/hands, back/neck and heart/blood pressure were the most frequently reported by these respondents.

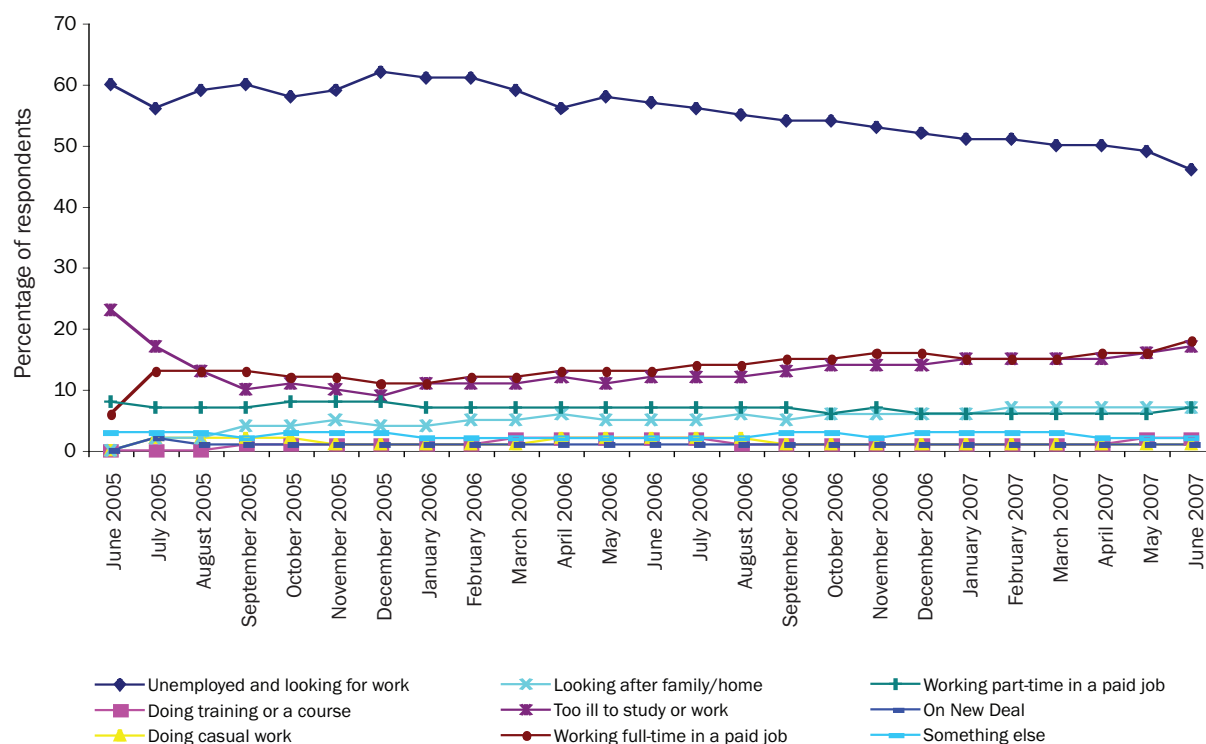
New Deal 25+ Participants Doing Training or a Course

Only 5% of respondents were currently taking part in education, training or a course. Most (73%) of these respondents said the training or course that they were currently taking part in was aimed at obtaining a particular qualification.

Destination of New Deal 25+ Leavers Over Time

Figure 12 below shows trends in the destinations of New Deal 25+ participants during a 2 year period between June 2005 and June 2007.

Figure 12: Destination of New Deal 25+ Leavers June 2005-June 2007



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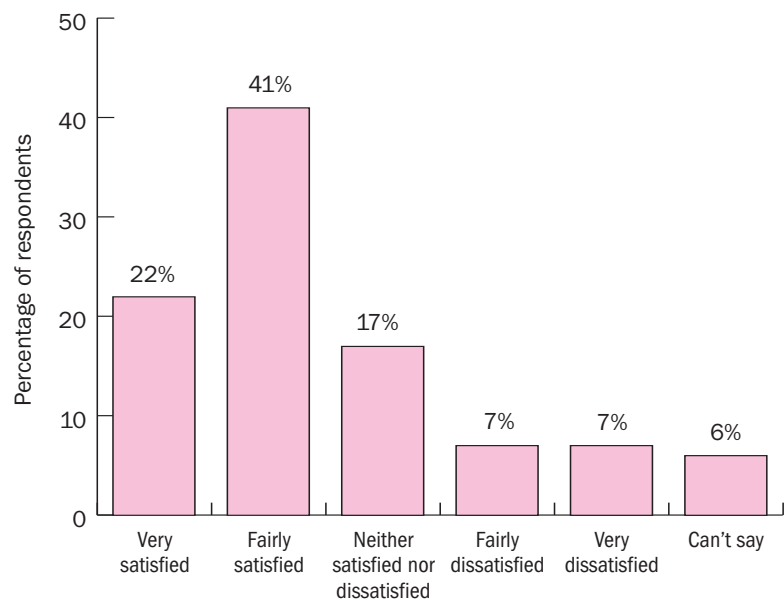
The proportion of respondents who said they were working full time increased slowly throughout the period while the proportion of respondents who were unemployed and looking for work decreased by 14 percentage points.

Satisfaction with New Deal 25+

Figure 13 shows that nearly two-thirds (63%) of respondents felt either very satisfied or fairly satisfied with New Deal 25+. This indicates high levels of satisfaction overall but it is notable that 14% of respondents nevertheless indicated that they were either very dissatisfied or fairly dissatisfied and that a further 6% could not say.

Just under three-quarters (72%) of respondents were either very satisfied or fairly satisfied with the advice and opportunities offered by their New Deal

Figure 13: Overall satisfaction with New Deal 25+

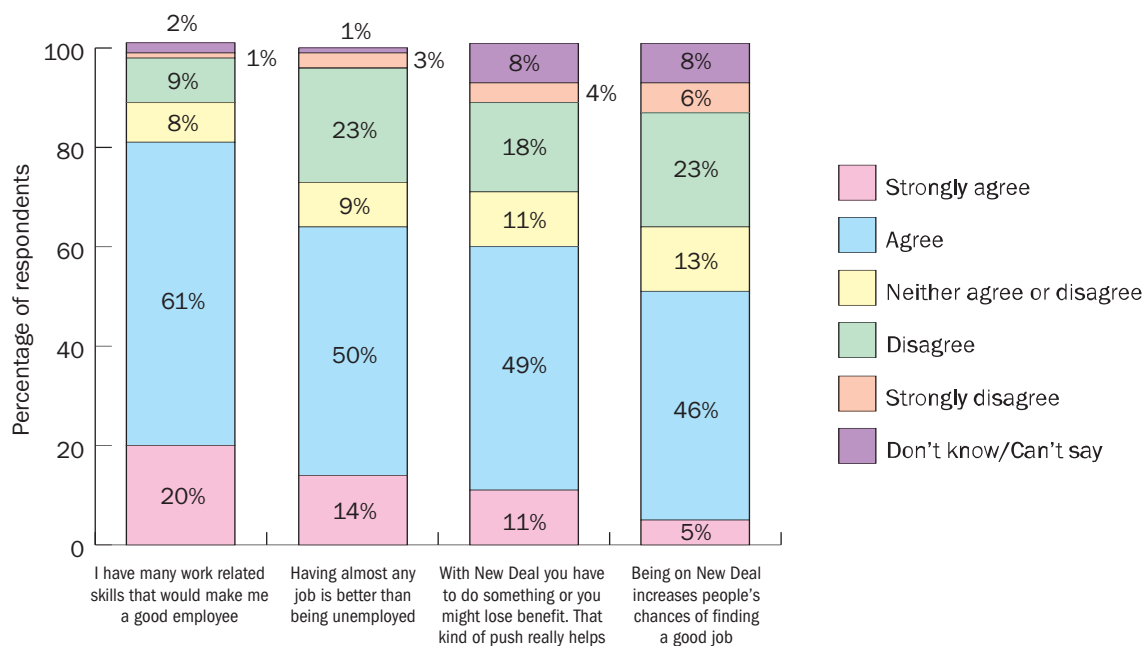


Personal Adviser and 69% were either very satisfied or fairly satisfied with the advice and opportunities offered by the Job Centre.

agreed or strongly agreed with a range of positive statements about New Deal that suggest they have a desire to work and believe that New Deal provides both incentives to work and increases their chances of finding a job.

Figure 14 shows that the vast majority of respondents either

Figure 14: Attitudes towards New Deal 25+



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Comparisons between New Deal 18-24 and New Deal 25+

There were substantial differences in the school or educational qualifications held by New Deal 18-24 and New Deal 25+ respondents. Around half the proportion of New Deal 25+ respondents had CSE/GCSE/O-Level qualifications, compared with the New Deal 18-24 respondents (25% compared with 59% respectively). The proportion of New Deal 25+ respondents who did not have any of the qualifications listed was double that of New Deal 18-24 respondents (67% compared with 33% respectively).

New Deal 18-24 respondents were also twice as likely to be currently taking part in education training or a course compared with New Deal 25+ respondents (10% compared with 5% respectively).

New Deal 18-24 respondents were more likely to be working in a paid job at present compared with New Deal 25+ respondents (35% compared with 22% respectively) and were less likely to be signing on as unemployed at present (44% compared with 54% respectively). However, those New Deal 25+ respondents who were working at present reported earning a higher average hourly rate compared with New Deal 18-24 respondents (£6.62 compared with £5.82 respectively). Overall

satisfaction with current job was similar amongst both groups of respondents.

Destination of New Deal Leavers between June 2005 and June 2007 reflected what respondents were currently doing within both groups in that employment levels were higher and levels of unemployment lower among New Deal 18-24 respondents than they were among New Deal 25+ respondents. Within both groups there were substantial increases in the proportion of respondents who reported that they were working full-time in a paid job (17% increase among New Deal 18-24 respondents and 12% increase among New Deal 25+ respondents). This was accompanied by a notable decrease in the proportion of New Deal 25+ respondents who were unemployed and looking for work (14%) but increased proportions of New Deal 18-24 respondents who were unemployed and looking for work (5%).

A higher proportion of New Deal 25+ respondents reported being too ill to work or study at present (16% compared with 9% on New Deal 18-24).

The proportion of respondents who felt very satisfied or fairly satisfied with New Deal was high and was similar among 18-24 and 25+ respondents (60% and 63% respectively).

Conclusion

The vast majority of New Deal 18-24 and New Deal 25+ respondents were either working in a paid job (35% and 22% respectively) or signing on as unemployed at present (44% and 54% respectively).

Substantial proportions of both New Deal 18-24 and New Deal 25+ respondents had signed on as unemployed at some time since they had left New Deal (63% and 70%).

Satisfaction with New Deal 18-24 and New Deal 25+ was high overall with the vast majority of respondents reporting that they felt very satisfied or fairly satisfied (60% and 63% respectively).

New Deal 18-24 and New Deal 25+ respondents' satisfaction with the advice and opportunities offered by their New Deal Personal Adviser was high overall (68% and 72% respectively) as was their satisfaction with the Job Centre (64% and 69% respectively).

This article has presented a preliminary summary of our findings and more in-depth analysis and verification of findings, including details of individuals with an unknown destination after leaving New Deal, will be contained in our full report.



New Deal Leavers Survey: Preliminary Results

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FURTHER INFORMATION

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Keywords:

New Deal 18-24, New Deal 25+, Employment, Unemployed, Training, Qualifications



Evaluation of the New Deal for Musicians

Eric Hanvey and Christine Jones, PEER Consulting

The New Deal for Musicians aims to help people who wish to pursue a musical career to find and keep work in the music industry. This article reports the main findings from the Evaluation of New Deal for Musicians which was carried out for DEL by PEER Consulting in 2006.

Background

The New Deal for Musicians (NDfM) had its origins pre-1999 in discussions between the UK Music Industry Forum and the Government and reflected an acknowledgement of the importance of the music industry as a significant exporter and wealth creator within the UK economy, and also as the source of a large number of jobs.

NDfM was initially introduced to the New Deal for 18 to 24 year olds programme as part of the Full-Time Education and Training Option and subsequently extended to older participants on the New Deal 25+ programme (within that programme's Education and Training Opportunity provision). In October 2005 access to all New Deal programmes including NDfM was made available to participants on the New Deal for Lone Parents and New Deal for Partners programmes.

The aim of NDfM is to help participants find work and improve their prospects of remaining in sustained employment, primarily in the music industry. Its objective is to enable them to move from benefit into successful careers in all types of music, either as artists under contract, or self employed within the industry.

The Programme

NDfM offers musicians a range of support mechanisms, including:

- Access to advisory support from a specialist Music Industry Adviser (MIA) during the New Deal Gateway period and beyond;
- An Open Learning route, lasting up to 26 weeks, based on a national set of workbooks relevant to the music industry;
- Support and guidance from a Music Open Learning Provider (MOLP) who will support participants through a range of open learning materials and provide jobsearch support; and
- Flexibility on the existing New Deal self-employment route to give continued access to open learning materials and to allow test trading as part of a band.

In common with other New Deals, delivery of the programme is effected through a New Deal Personal Adviser (NDPA), who is the link person between the participant and the training provider(s).

Evaluation of NDfM: Issues and Methodology

The key questions for the evaluation of NDfM included an assessment of the success of the programme in helping participants find work, especially within the music industry.



Evaluation of the New Deal for Musicians

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Our approach to the evaluation involved the use of a number of research tools including:

- A review of monitoring data and key policy documents;
- A range of key informant interviews including interviews with provider and music industry advisers;
- A survey of 100 past participants to assess their views on the programme and its impact on their labour market experiences;
- Face to face consultation with current participants; and
- Focus groups with NDPAs.

The main findings of the evaluation are summarised below under the headings of process and outcomes/impact of participation on the

programme. A full evaluation report can be found on the DEL website¹.

The NDfM Process

Music Industry Advisers (MIA) & Music Open Learning Provider (MOLP)

Both the NDPAs and the participants were very positive regarding the degree to which they found the MIAs to be knowledgeable about the music industry. Indeed in some instances the NDPAs regarded the MIA as the most beneficial aspect of NDfM. For instance, 90% of past participants reported that they found their MIA to be very knowledgeable and the remaining 10% at least somewhat knowledgeable about

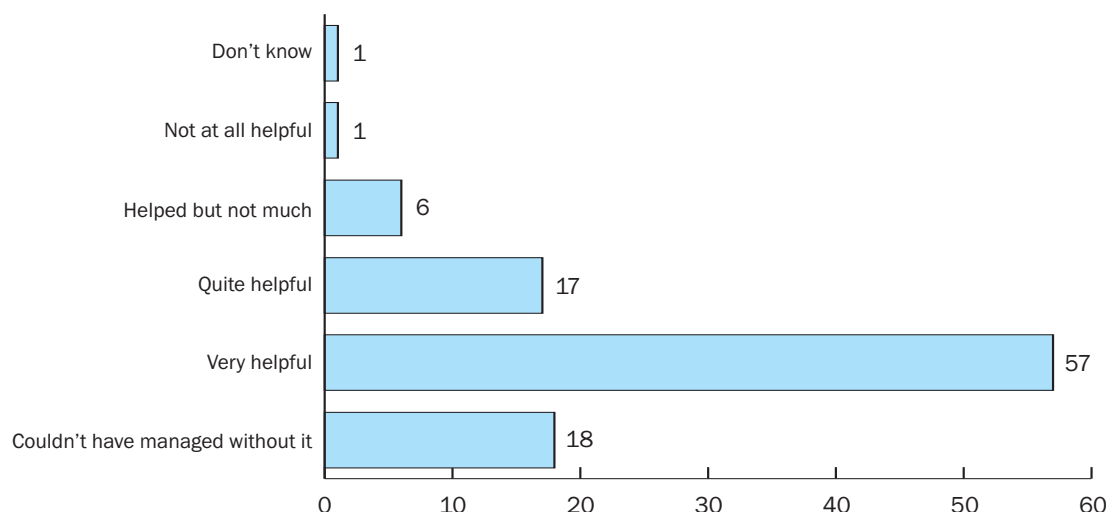
the music industry. The proportion of participants some - 78 out of 86 (91%) - reporting that their MIA had met their expectations is also high.

Figure 1 demonstrates the value that the participants placed on their time spent with their MIA.

New Deal Personal Advisers (NDPAs)

Some 97% of respondents reported that the advice and guidance they received from their PA was in some way helpful, with 70% of all clients rating it as either very helpful, or that they could not have managed without it. Over half of the respondents (58%) said that they had no suggestions for improvements to make, to the service provided by the NDPAs.

Figure 1: Helpfulness rating of MIA advice and guidance



Source: PEER Consulting Survey of NDfM Past Participants

1. Can be found at www.delni.gov.uk/evaluation_for_musicians.pdf

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Despite participants providing a positive view of the role of NDPAs, consultation with the NDPAs indicated that they felt out of touch with the NDfM Programme primarily in terms of the work completed by the individual once they started the programme and as a result had difficulty monitoring client commitment and needs.

Open Learning Material

The overall quality of the open learning workbooks was rated as 3.8 out of 5 in terms of excellence by past participants. In general (see **Figure 2**) they also rated it as relevant to the music industry (94%) and to their individual interests (93%), with a slightly lower percentage

stating that it was at the right level (89%).

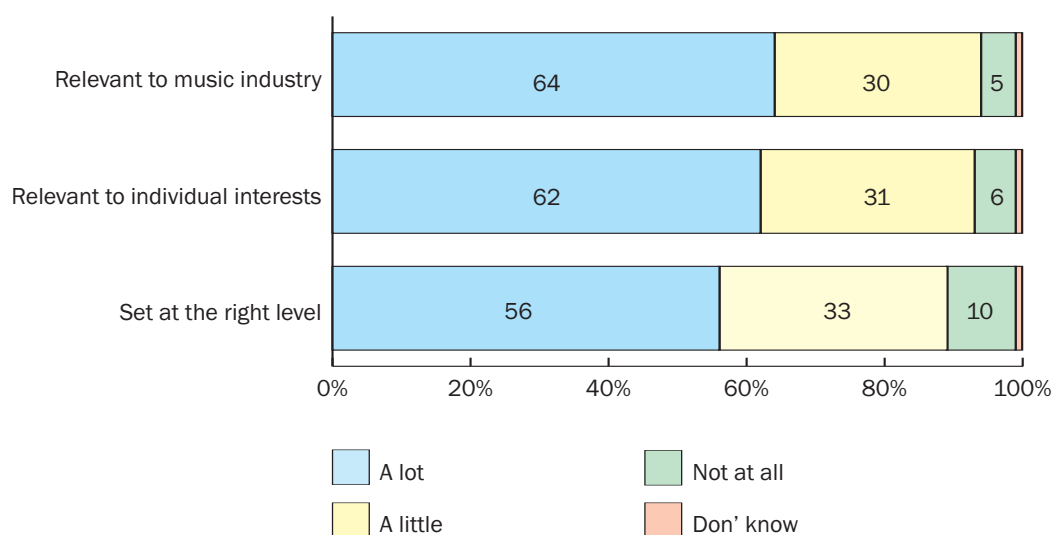
Outcomes of NDfM

The majority of the respondents re-entered unemployment upon leaving NDfM, with 53% reporting that they were unemployed immediately after leaving. In total 33 respondents (33%) entered employment immediately after leaving the programme. The numbers in employment rose to 37% for the indicator, labour market position, at the time of the survey. Progression into work at 33% compares favourably with ND for 18-24 year olds and ND for 25+ year olds statistics for NI (although these are based on providers' returns and therefore exhibit a large proportion of

unknown destinations), where on average, 25% of leavers entered employment. Despite performing comparatively well there is still room for improvement in terms of progression into employment. A number of the recommendations outlined below are aimed at increasing the chances of participants entering work upon leaving NDfM.

Looking at progression into employment in the music industry specifically; at the time of interview 10 participants were employed inside the music industry (27% of all those in employment), of whom 5 were self-employed. Of the 37 respondents in employment, 22 had been in this employment since leaving the programme.

Figure 2: Past participant rating of OLM in terms of.....



Source: PEER Consulting Survey of NDfM Past Participants



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Table 1 shows the impact that the respondents felt participation had on their ability to move into employment and helps assess the extent to which participation increased the employability of participants.

The additionality of the programme in terms of a movement into employment was questionable for almost half of those in employment, with this group stating that they would have been quite likely or very likely to have been in employment even if they had not participated in the programme. While this figure would represent a high degree of deadweight, the exact extent of this is difficult to assess given the small sample and the fact that after completion participants may underestimate the real impact of participation on their job prospects.

Recommendations

Through the course of our evaluation a number of recommendations were developed and discussed with consultees in order to improve the programme. In particular, consideration should be given to restricting participation to those individuals who have a realistic chance of succeeding in the music industry. By restricting provision to those individuals who have been active in the music industry prior to the programme or who have been actively seeking entry into employment in the music industry the outcomes of the

Table 1: Impact of NDfM for all those employed at the time of interview (n=37)

Did participation help you get a better job?		
	Numbers	Column Per cent
Yes	12	32
No	21	57
Don't know	4	11
Total	37	100
Helpfulness of NDfM in assisting in finding a job		
Couldn't have managed without it	2	5
Very helpful	14	38
Quite helpful	5	13
Helped, but not much	4	11
Not at all helpful	8	22
Don't know	4	11
Total	37	100
Likelihood of achieving job without participation		
Very likely	5	14
Quite likely	13	35
Not sure	6	16
Not very likely	5	14
Not at all likely	3	8
Don't know	5	13
Total	37	100

Source: PEER Consulting Survey of NDfM Past-participants

programme may be improved. At the same time, those individuals who no longer qualify can avail of other training and work opportunities that may better improve their chances of moving into sustainable employment. However, we feel this may be difficult to assess and the only people who might be able to select on aptitude would be the MIAs who clearly have a vested interest in maintaining numbers on the programme.

Suggestions to improve the structure and content of the programme include:

- *Introducing a work placement element*
Although difficulties exist with finding work placements within the music industry in NI, onus should be placed on Providers to find suitable work placements for clients within the music industry where possible.

Evaluation of the New Deal for Musicians

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- *Building accreditation into the Programme*
To accredit the Open Learning element of the programme and thus enable clients to build on the qualification after completion of the Programme. The lack of specific music options in the two main New Deals (18-24 and 25+) makes the importance of accreditation even more pertinent.

- *Increase the intensity of the contact between the client and the MIA*
This could be effected through the use of workshops/seminars that the clients would have to attend and could share ideas and experiences with other participants.

- *Provide access to seminars workshops etc/Tap into existing music industry support in NI*
Discussions with the NI Music Industry Commission (NIMIC) highlighted a range of services and events that could be utilised by NDfM providers and participants to support their services, or as examples of good practice that could be emulated under their provision. An example could include the “Music: It’s the Business” event².

- *Improved careers advice and guidance*
It should be an on-going requirement for independent careers advice and guidance to be provided during the NDfM programme.

- *Improve monitoring of clients for NDPAs*
As the completion of a Learning Development Plan is already part of the NDfM process - including the workbooks individual clients are required to complete during the course of the programme - we feel that perceived difficulties with existing procedures in relation to the clients Learning Development Plan need to be addressed. For instance, all information that could be used to monitor client progression should be

accurately recorded by the NDfM provider on the participant’s Learning and Development Plan.

- *Accessibility of workbooks should be improved*
It is important that clients have unrestricted access to the Open Learning workbooks and that in instances where participants do not have access to the internet they are provided with a paper copy of the workbooks they require.

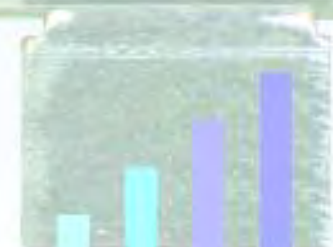
In re-contracting NDfM in NI we consider that DEL should look at how potential providers will build these types of services into their delivery either through independent delivery or collaboration with third parties.

FURTHER INFORMATION

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² See www.cecnl.org



Pathways to Work in Northern Ireland: Early Results

Jim Russell, Pathways to Work and Dave Rogers, Analytical Services DEL

The Government's welfare reform agenda began in 1998 with the introduction of New Deal in NI and GB. This first phase of intervention was aimed at helping unemployed people on Jobseeker's Allowance (JSA) back to work. The most recent initiative, Pathways to Work, started in NI in October 2005 on a pilot basis and aims at assisting people claiming Incapacity Benefit (IB) to enter or re-enter the labour market. Pathways has since rolled out to ten offices in NI and this article reports on the progress of the pilot to date and details current research and evaluation work which is in train.

The Introduction of Pathways to Work in NI

Pathways to Work – a pilot programme aimed at offering people claiming Incapacity Benefit (IB) who are excluded from the labour market by reason of long-term illness – was launched in NI in October 2005. Details of the intervention and the rationale behind it can be found in Chapter 18 of Labour Market Bulletin #19¹.

Pathways pilots in NI were originally introduced in early October 2005 in three office areas – Ballymoney, Lurgan, and Magherafelt. In late April 2006, coverage was extended to include Enniskillen, Newtownabbey, and Newry; and on 30 October 2006, Falls, Foyle, Lisnagelvin, and Shankill Office also began to operate Pathways.

One of the main characteristics of Pathways is to turn IB² from what was effectively a “passive” benefit, with all of the emphasis being on the delivery of the benefit to the claimant where

there is entitlement, into a more “active” benefit with some emphasis being placed on encouraging claimants to move back towards the labour market where this is appropriate. The first opportunity for the implementation of an active element is through the work-focussed interview (Wfi), which is solely dedicated to looking at a claimant's potential to (re) enter the labour market and what he or she might want to do to improve their potential to find work in the future.

The key features of Pathways are shown in **Box 1**. Not all new IB claimants are required to take part in Pathways. A certain proportion of claimants will be exempt the Wfi process if their conditions are considered such that they would not benefit from participation in the regime; and a further group of clients deemed to be already close to the labour market will also be exempt. However, people in both of these client groups will be entitled to participate in the Wfi process on a voluntary basis.

Box 1: Key Features of the Pathways to Work in NI

- Improved and enhanced work-focused interview regime
- New role for specially trained Personal Advisers
- Better Use of Medical Information
- Work-focused health rehabilitation programmes
- A package of incentives to encourage people to try work; to make work pay; and to support those who try it and for whom the job doesn't work out
- Improved support from the Department's specialist Disablement Advisory Service.

1 See Russell, J (2005) "Pathways to Work Pilots: the Next Stage of Welfare Reform in NI" Labour Market Bulletin #19, Chapter 18 www.delni.gov.uk/labour-market-bulletin-19.pdf
2 Pathways is also open to people in receipt of Income Support, if IS is paid due to a determination of incapacity; and to people in receipt of Severe Disablement Allowance. A separate Pathways pilot (Pathways for Lone Parents) has also been launched by DEL

Pathways to Work in Northern Ireland: Early Results

Jim Russell, Pathways to Work and Dave Rogers, Analytical Services DEL

Once clients enter the Wfl regime, as long as they remain on the benefit they should attend an initial interview and up to a further five interviews over a 6-month period. A key element of the regime is that clients will be offered help to manage their condition if appropriate, and also other assistance to help them to move towards the labour market. Attendance at the interviews is a mandatory aspect of the regime: taking up of further help is voluntary. The voluntary nature of these interventions means that they have to be appropriate to ensure that they gain sufficient uptake from the client group – a client group that, in the past, has been difficult to engage. Pathways was aimed principally at IB fresh and repeat claims, but is has always been available on a voluntary basis to those on IB in the longer term.

Performance of Pathways

Since Pathways was introduced in the various offices and to the end of August 2007, a total of nearly 11,600 IB claims have been made in the pilot offices. – that is, where the claim has lasted for more than 8 weeks. Around a third of claims (30%) were screened out, and some Wfls have been deferred, but by the end of August nearly 4,800 participants have attended at least one Wfl. Monitoring information³ shows that

- There have been **1,034** job entries from Pathways claimants in that period. This represents around 9% of on-flows during the period.
- In total **1,143** post-Wfl interventions have been taken up by clients.
- Most popular choices include the Return to Work Credit, an income supplement paid to eligible IB claimants for a time if they get a job in order to ease the transition to employment (670 clients); the Condition Management Programme, where clients work with health professionals and others in order to better manage their medical condition (242 clients); the New Deal for Disabled People, where people with a disability receive help and training to enable them to re-integrate into the labour market (139 clients); and the Work Preparation Programme which helps clients to build confidence and gain work skills whilst getting support in a work placement (115 clients).

Another way in which the impact of Pathways can be assessed is through an examination of benefit off-flow data in offices where Pathways has been introduced, and contextualising these changes by comparing them with offices which do not have Pathways (see **Figure 1**).

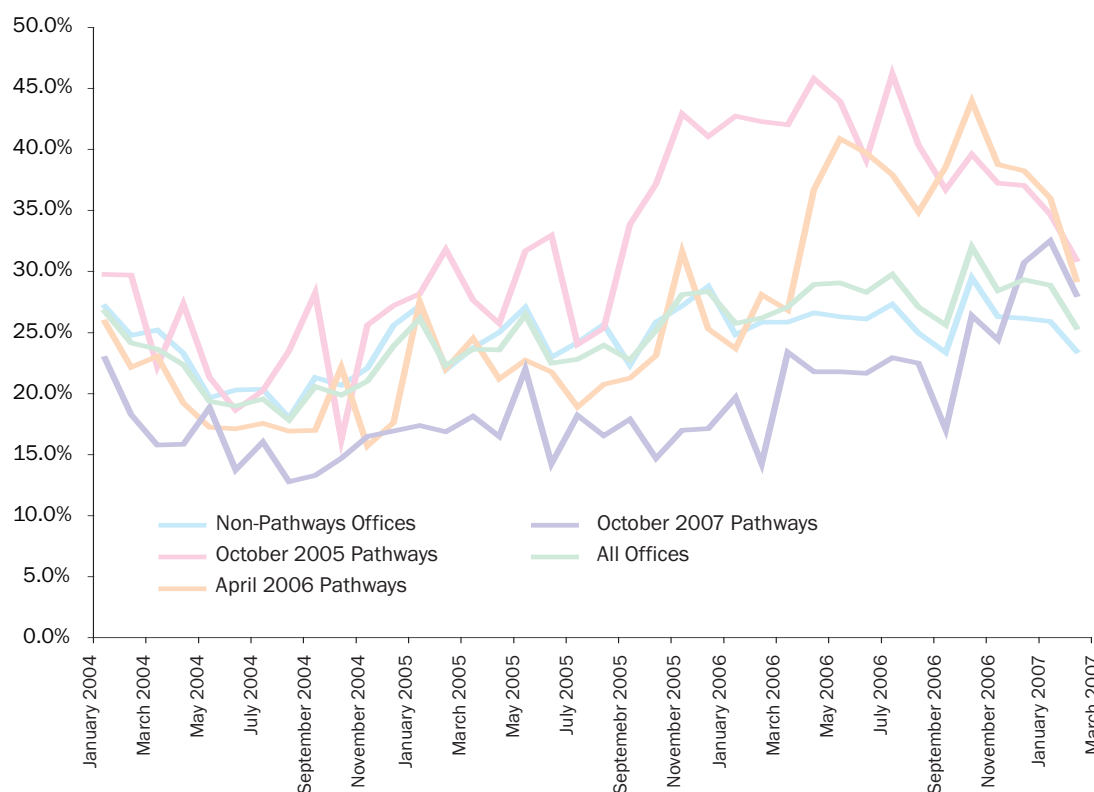
The graph shows the proportion of claimants who flow off the benefit (IB) within the first six months of claim. It shows that some offices (for example the Belfast and Derry offices that introduced Pathways at the end of October 2006) had off-flows below the average for all offices throughout the period to February 2007 (until the introduction of Pathways in these Offices). The graph shows that, pre-Pathways, typically 6-month off-flows varied in the range 15%-30%, ie between 15% and 30% of claims left the IB register in the first six months of a claim (ie, between 70% and 85% did not flow off). Following the introduction of Pathways, off-flows in all offices showed a substantial increase: for example, in offices that introduced Pathways in October 2005 showed off-flow rates that rose from about 25%-35% pre-Pathways to 40%-45% following the introduction of Pathways. At the same time, off-flows in non-Pathways offices did not show any corresponding changes, suggesting that the rise in off-flows can, at least provisionally, be attributed to the operation of Pathways. Similar “jumps” in off-flows occurred in offices that commenced Pathways in April and November 2006 immediately following the introduction of Pathways. In the case of the first two groups of offices that introduced Pathways, the data show that the elevated off-flows persisted

³ Source: Department for Employment and Learning's Client Management System (CMS)

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Figure 1: Percentage of Claims Off-flowing within 6 Months of Original Claim Date



Source: DSD

for some time, although in later months they have shown a decline, although still to levels some 5 or 6 percentage points above that in non-Pathways offices. It remains to be seen if this fall in off-flows persists, or whether the Belfast and Derry Pathways offices will maintain their higher off-flows into the future.

It seems from this monitoring information that there has been some impact on the behaviour of IB claimants following the introduction of Pathways, continued monitoring will show the persistence – or otherwise – of this impact. However monitoring alone will not tell the whole story – for example, why

this impact is occurring and, in particular, if Pathways is succeeding in helping move some participants closer to the labour market. Also, there is a need to better understand what barriers exist for people on IB in finding and keeping work, and therefore how best to help them. For these reasons DEL have embarked on a programme of research and evaluation in relation to Pathways and IB claimants.

Research and Evaluation into Pathways

A key research project in helping develop our understanding of the barriers that IB claimants

face in entering or re-entering the labour market is being carried out by a research teams based at Queen's University Belfast and the Institute for Employment Research at the University of Warwick. The research team bring considerable experience of labour market research in NI and the UK as a whole to bear on this issue, and their research is currently ongoing. A summary of the main research findings to date is included as Chapter 23 in this Bulletin. The findings underscore the difficulties associated with getting many of this group into work: apart from health issues, there are barriers around the availability – or perceived availability – of



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suitable work, for example. However the work also demonstrates that there is a continued value placed on work by a large proportion of those studied.

In addition to this research, the Department has also recently commissioned an evaluation of the operation of Pathways, which will examine the experiences of Pathways by participants; the post-Pathways destinations of participants – especially moves to employment; and the views of key stakeholders. This evaluation commenced in September 2007 and is due to be completed in 2008 so that it can inform the further roll-out of pathways provision.

FURTHER INFORMATION

Further information about Pathways to Work in NI can be obtained on the DEL website www.delni.gov.uk.



Labour Market Perceptions and Intentions of Incapacity Benefit Claimants

Ian Shuttleworth, Anne Green and Chris Lloyd, School of Geography, Archaeology and Paleoecology, QUB and Institute for Employment Research, University of Warwick

This research reports on the findings of a survey of 800 Incapacity Benefit claimants and examines their household and labour market characteristics; their perceptions of the labour market and their place in it; and their future intentions in regard to labour market participation. The survey is one element in an ongoing research project to help better understand issues around economic inactivity to inform government policy in this area.

Background

Preliminary results from a large-scale pilot survey of Incapacity Benefit (IB) claimants were presented in issue 20 of the *Labour Market Bulletin* (See Chapter 19, Shuttleworth, Green and Lloyd 2006). This article develops this earlier work by giving some of the key results from the full survey of some 800 IB claimants in Belfast, Newry, Enniskillen and Londonderry that was completed in early 2007. The article explores three main dimensions of the survey data. Firstly, it profiles the characteristics of the survey respondents. Secondly, it describes how IB claimants view local labour market conditions. Finally, it outlines the various barriers faced to employment identified by the respondents.

The context for the research is the policy objective in the UK and NI to reduce the numbers of IB claimants. The main challenge is to help IB claimants into employment since growth in the IB roll has been attributed to low levels of exits from the benefit rather than increasing numbers of entrants (Anyadike-Danes and McVicar, no date). Survey evidence is a useful starting place because it allows attitudes, expectations and perceptions that have a bearing on the labour market and re-entry to employment – factors impinging on exiting IB – to be explored in ways that are impossible when relying solely on administrative data that have often been the basis for research on this theme. The

survey therefore provides individual-level information which complements insights gained through the analysis of claimant data, often at a regional scale (see, for example, Anyadike-Danes, 2005). Furthermore, the survey gives evidence from a region with relatively high sickness levels where it might be assumed that the challenges facing policymakers are relatively demanding compared with many other parts of the UK and thus it might be interesting for comparative reasons.

The Survey

The survey, sponsored by the Department for Employment and Learning (DEL) was undertaken by Social and Market Research (SMR) during the Autumn and Winter of 2006-07 with fieldwork ending in February 2007. Information was sought which had a direct bearing on the labour market and entry to employment. The questionnaire had eight sections dealing with the following topics: local area and labour market expectations; current economic status; current employment (if any); the period before IB; past employment history; health and benefit status; job search; and personal/household information. Data was obtained from 803 respondents who were either currently claiming IB or had just ended their claims¹. The response rate of 55% was considered to be good given the sensitive nature of the questions asked. The data are robust and

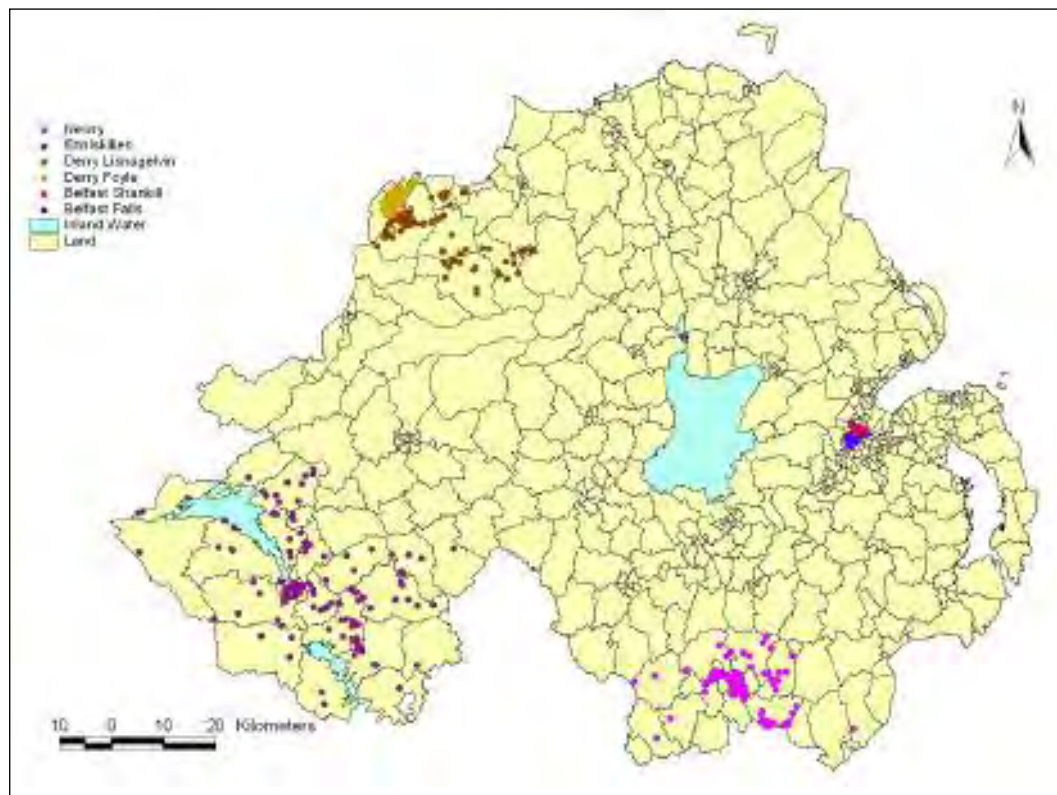


1. In practice only some 30 respondents fell into this second category

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Map 1: Survey Respondents by SSO (each dot represents a respondent)



reliable with the vast majority of responses being internally consistent and with full data capture for all but a few questions. The survey was spatially clustered and undertaken in the following Social Security Office (SSO) areas: Belfast Falls, Belfast Shankill, Newry, Enniskillen, Derry Foyle and Derry Lisnagelvin (see **Map 1**). The reason for this geographical distribution was to get respondents from urban, rural, high labour demand and low labour demand areas as well as to take into account community background. **Map 2** and **Map 3** show the different locational

contexts with regard respectively to local job availability and IB claimant rates. The survey was also structured to take account of the important dimension of claim duration with equal numbers of respondents being sought in the under two years, the two to four years, and the more than four years categories. This survey design permits analysis by area, by duration, and in some cases by area and duration although the results presented in this article will concentrate on all respondents together for the most part except where there are strong reasons for highlighting differences by location or claim duration.

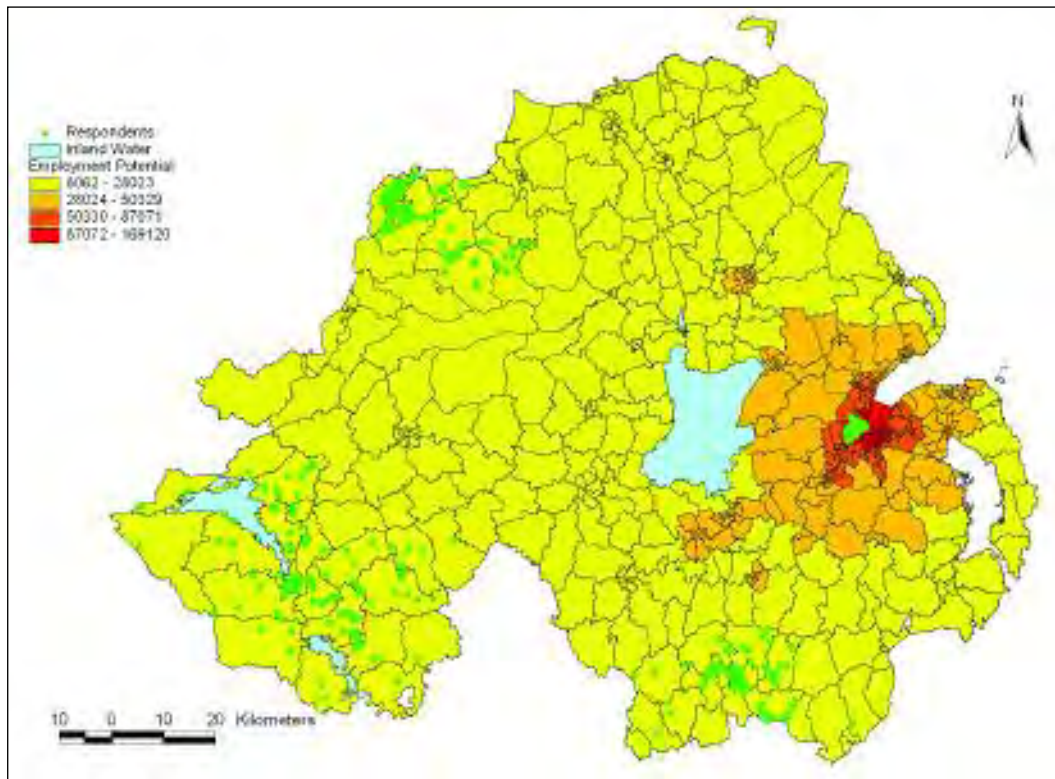
Profile Characteristics: Who are the IB Claimants?

An extensive labour market literature indicates that factors such as health, educational qualifications, age, access to transport, the economic position of other household members, and housing tenure influence the probability that an individual is in employment (see for example, Smith and Chambers 1991; Payne 1987). Increasing age, ill health, other jobless people in the household, and living in non-owner occupied housing are often correlated with increased chances of joblessness. Furthermore some of these variables, such as educational qualifications and

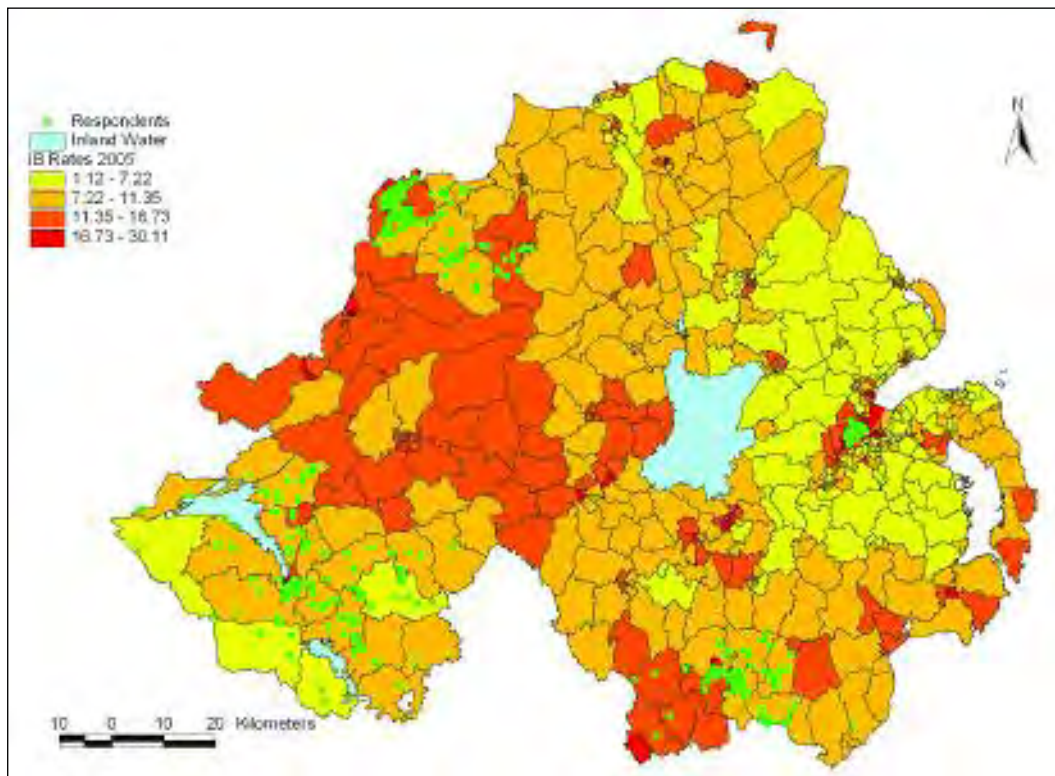
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Map 2: Survey Respondents by Local Job Availability



Map 3: Survey Respondents by IB Claimant Rates 2005



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health for example, are components of the 'employability mix' identified by the DEL Employability Taskforce (2002). Given this context, therefore, it was essential to learn more about the individual and household circumstances of IB claimants to position them along the employability continuum to describe how close they were to work.

The majority of respondents (60%) were male and about 60% were Catholic (although this latter statistic should not be considered to be representative of all IB claimants because of the geographically clustered survey design). In common with the information on age held in government administrative systems, the majority of respondents (66%) were in the 45-64 age group with around a third in the 25-44 age band and only a minority aged less than 25. The majority of respondents (57%) also lacked educational qualifications with many ending their education at the completion of compulsory schooling – 42% completing their education at 15 years old (or less) and 37% at the age of 16. This might be a consequence of the age structure of the survey respondents – the 2001 Census of Population shows that older people in general tend to have fewer formal qualifications, and is consistent with data from the Labour Force Survey which shows that many inactive people have few or poor qualifications (Monaghan, 2005). Some 73% of survey respondents have no

formal qualifications. Physical mobility and access to employment did not appear to be a barrier for the majority of respondents since 87% had access to a car or van and 64% held a driving licence. It is noteworthy that this proportion is similar to that observed for workers made redundant from Harland & Wolff in 2000 (Shuttleworth, Tyler and McKinstry 2005) although the proportion with a driving licence is lower than that in that study since a greater proportion of Harland & Wolff workers used their vehicles to travel to work implying that more of them had a driving licence.

Unsurprisingly, given the nature of the survey, a large majority of respondents stated that they identified themselves as being ill and/or disabled. Health is a key element of the employability mix – ill health can act as a barrier to work: but poor health can be a consequence of joblessness too. The leading classes of health problems noted by respondents were arthritis and rheumatism (experienced by 37% of respondents), heart conditions and diseases (19%), asthma and severe allergies (14%) and depression (7%). Health problems were identified as the major reason for being on IB: 75% of respondents had left their last job because of illness as compared with only 10% for redundancy and 9% for 'other reasons'. These health problems were seen as a major barrier to employment; some 98% considered that these problems prevented them from working in

any occupation with 94% stating that it restricted the hours they could work.

The household characteristics of the respondents are also significant. In particular it is salient to note the economic and benefits status of other household members and household tenure. Less than a quarter (23%) of survey respondents lived alone and 55% were married or cohabiting. Of these, over a third (36%) had a partner claiming benefit with the majority of these (70%) claiming IB themselves. This indicates the household concentration of benefit dependency and ill health within households. Nearly two-thirds of respondents (64%) either owned their homes outright or were buying them with a mortgage but 27% were in public authority housing which was higher than the NI benchmark of 18% observed in the 2001 Census (and is likely to reflect, at least in part, the older than average age profile of survey respondents).

In combination, these observations suggest that the IB respondents are some way down the 'employability queue'. Their characteristics are typically associated with joblessness in NI as in other study areas. These suggest that there are significant individual and household challenges to overcome if work is to be gained, not least the major difficulty of ill health. The combination of ill health with other characteristics (for example no formal qualifications) may lead to

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multiple disadvantage which is more difficult to overcome than any obstacle in isolation.

Labour Market Perceptions: The External Environment

The availability of jobs is another part of the employability mix. The 'objective' availability of employment is shown in **Map 2**. As can be seen, some survey respondents lived in areas where there appear to be large numbers of nearby jobs whereas others live in locations with sparser employment opportunities. Important qualifiers to this simple index of job availability are the opportunities that respondents actually perceive as being open to them together with issues of job quality and skills mismatch.

When these dimensions are investigated, there are some interesting contrasts between objective and perceptual indicators and also some surprising similarities and differences between respondents in different parts of NI as are shown in **Table 1**. Values near 1 in **Table 1** show that respondents *strongly disagreed* with a given statement; nearer 5 that they *strongly agreed*. The first feature to note from **Table 1** is that respondents in different parts of NI perceived the labour market as having few jobs in general and few jobs for them (the low mean values for the statements that 'there are a lot of jobs in my area' and that 'there are a lot of jobs for which I am suited'). However, there is most disagreement with these statements in the two Belfast

study areas – the ones which in **Map 2** are shown to have the greatest number of jobs available, raising questions about either respondents' perceptions or the value of the job availability indicator. In general, respondents perceive jobs as being of low quality in terms of pay and security and these qualitative dimensions, rather than just quantity, could also be significant as barriers. There are some contrasts associated with public transport and car ownership which draw out differences between urban and highly rural areas. The availability of public transport is rated relatively highly in every area except Newry and Enniskillen whereas there is most agreement with the statement 'you need a car to get around' in the rural Enniskillen study area. A further subjective

Table 1: Labour Market Perceptions

Variable	Belfast Falls	Belfast Shankill	Derry Foyle	Derry Lisnagelvin	Enniskillen	Newry
There are a lot of jobs in my area	1.56	1.59	2.30	2.00	2.28	2.85
There are a lot of jobs in my area for which I am suited	1.59	1.59	2.23	2.07	2.19	2.66
Public transport is good in my area	3.56	3.75	3.50	3.18	2.38	2.86
You really need a car to get around	3.21	3.76	3.81	3.70	4.36	3.65
There are a lot of low-paid jobs in the area	3.42	3.84	3.88	3.66	3.78	3.58
There are problems in getting to and from work from where I live	2.24	3.17	2.90	3.10	3.28	3.19
Many jobs are insecure	3.30	3.64	4.02	3.88	3.99	3.51
Many jobs mean working irregular hours	3.32	3.59	3.75	3.76	3.74	3.56
Jobs near here do not need many educational qualifications	4.07	3.09	2.62	2.80	2.59	3.11
There are a lot of unemployed people in the area	4.49	4.35	4.01	3.52	3.30	3.33

Source: IB Claimants Survey

Key: The Table shows mean values in each category on a scale from: 1=disagree to 5=strongly agree



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barrier could be the perception that some jobs have educational requirements that could be beyond the level attained by most respondents (see the section above) since in the Derry and Enniskillen study areas there is disagreement with the statement that 'jobs near here do not need many educational qualifications'. In Belfast and Newry, however, there is agreement that local jobs do not require many educational qualifications, so perhaps these locations tend to have more less skilled jobs but if true this lack of qualifications might not necessarily be a barrier to employment for survey respondents in these areas.

The results indicate that there are general perceptions of job shortages – particularly in urban areas – and also some agreement, although not general, that employment is of poor quality. There are some variations between the different locations included in the study and also contrasts in perceptions of public transport provision and the need to car ownership. These imply that

physical accessibility, as barrier, might be much more likely to be an issue in rural areas whereas different obstacles apply in urban locations. This suggests that the obstacles facing IB claimants vary between places and that geographical context might be important in determining the challenges faced by policymakers when putting provision in place.

Labour Market Plans: Intentions and Engagement with the Labour Market

Motivation and attitudes towards employment are an important but hard to measure ingredient of employability. Sections of the questionnaire dealt with these and related issues by collecting information on job search and expectations of finding work. Here, the theme of claim duration is significant as job search decreases as time without work increases. **Table 2** illustrates this theme by presenting information on various aspects of labour market engagement by duration of claim. The patterns confirm the

importance of duration with a decrease in the proportion of those who have looked for work in the past four weeks down from 12% for those who have been claimants for less than two years to 1% for those who have claimed for more than four years. The majority of respondents with claims of more than four years who expect never to work again or who never expect to look for work again highlights the magnitude of the task in helping some IB claimants into employment. This is greater for those who have been claiming IB for long periods. However, the large minorities for whom having a job is very important indicates that there could be substantial support from some individuals which could be tapped for measures to help claimants into employment. Nearly a third of respondents even in the over four years claim group were in this category. The position is better when those for whom having a job is 'important' are added to those for whom it is 'very important'. Even in the longest duration group, over 40% of respondents fall into

Table 2: Labour Market Expectations by Duration of Claim (percentages)

	Less than 2 years	2-4 years	More than 4 years
Percentage looked for job in last 4 weeks	12	5	1
Percentage who expect never to work again	24	38	61
Percentage who never expect to look for work	38	58	73
Percentage for whom having a job is important and very important	49	36	30
Percentage who feel job ready	3	0	0

Source: IB Claimants Survey

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these two categories, suggesting that amongst this group a substantial minority regard having a job as important.

Conclusion

The results of the survey underline that there are some considerable policy challenges in encouraging labour market engagement for many IB claimants. The personal characteristics of claimants suggest that they are positioned towards the back of the 'employability queue'. They face many obstacles to employment, not least of which is ill health. This appears to be the primary obstacle but it is compounded by other factors such as poor (or no) educational qualifications, and the concentration of labour market disadvantage in some households. These factors have all been noted as being related to joblessness. Additionally, many claimants, especially those with longer duration claims, have ceased to seek work, do not view themselves as being 'job ready', and do not expect to seek employment, or indeed work, ever again. This might be a realistic appraisal given the health condition of some respondents and given the well known problems of re-gaining employment after long periods of joblessness. However, the continued importance of work for large minorities of respondents indicates that efforts to encourage labour market engagement for some respondents would not be wasted.

The external labour market environment is an important part of employability since it is necessary for there to be sufficient jobs of appropriate quality to provide sustainable employment for all. The survey evidence shows that respondents believe that labour market conditions are unfavourable with job shortages across all parts of NI being perceived. Not only is there a view that there are not enough jobs but there is also a tendency to view jobs as being of poor quality in that they have low pay, that they are insecure, and that they mean working irregular hours. These qualitative dimensions influence the suitability and availability of work to IB claimants as well as just the absolute numbers of jobs in an area. This raises questions about the extent to which perceptions of the labour market accord with reality and also about how jobless people are matched with vacancies in labour markets and the means by which claimants can be encouraged to exchange the relative certainty and stability of the benefits system for what is seen as being a risky labour market environment which may be especially problematic for individuals with limiting health conditions. The analysis by area also indicates that there are different perceptions and perhaps different challenges in different parts of NI. In particular, physical accessibility and the need to have access to a car seems a greater issue in the predominantly rural area of Enniskillen than in urban areas.

Overall, these first results from the survey of IB claimants indicate the considerable challenges in reducing the IB claimant stocks by increasing exits to employment. There is cause for optimism, however, in the continued value placed on work by a large proportion of respondents. Poor health is *the* major obstacle to work stated by respondents but poor health and stress are also consequences as well as causes of joblessness, and this raises the question about where and how to break out of this cycle. Perceptions of job availability and quality appear to be important secondary barriers for respondents but given the value attached to work it is possible that some at least would re-enter work if there were enough jobs of the right quality available. The differences between different parts of NI suggest that there may be scope to overcome location-specific barriers through location-specific initiatives. Work is continuing on the research; analysis of the survey dataset is still in progress and interviews and focus groups are being planned to consider some of the themes in more depth which have emerged in this article.

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Equality Monitoring in DEL: 2007 Update

Claire Hood, Analytical Services, DEL

This article updates the results of DEL's equality monitoring for the Department's programmes and services to March 2007 by gender, community background and disability and also includes information by age and marital status. HE and FE enrolments are taken over the full academic year 2005/06. Figures by gender, community background and disability have been published in the annual Labour Market Bulletins since 2001. Information has also been updated on the numbers of participants on New Deal for 18 to 24 year olds and New Deal 25+ who have moved into sustained unsubsidised employment, by a number of the Section 75 groups between January and December 2006.

Background

Section 75 of the Northern Ireland Act (1998) places a statutory obligation on all public authorities, in carrying out their functions, to have due regard to the need to promote equality of opportunity:

- Between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Between men and women generally;
- Between persons with a disability and persons without; and
- Between persons with dependants and persons without.

As a result DEL has monitored its main programmes and services in terms of gender; disability; community background; dependants; marital status; age; and ethnicity for some time. The dimensions of political opinion and sexual orientation are not monitored and this is consistent with current guidance from the Equality Commission. The results of DEL's equality monitoring on gender, community background and disability have been published in the Labour Market Bulletins since 2001. Monitoring is one way in which the Government can keep a check on its own performance and publication of monitoring results enables public scrutiny.

Participation by Gender, Community Background and Disability

Table 1 shows occupancy/enrolments on the Department's main programmes and services and shows the eligible groups for gender, community background and disability. The eligible group is the total number of people eligible to participate in the programme or service. The breakdown of the eligible population by gender, community background and disability was taken from the 2005 Labour Force Survey (most recent annual data available). Not all eligible group figures are available as the data are taken from a sample survey and once the estimated number in a category drops below a certain level (6,000), data are deemed to be unreliable and are not published. Numbers exceeding 6,000 are also subject to sampling error. The figures for occupancy should broadly reflect those for the target population. If there is a large difference between the occupancy and eligible group figures then further investigation may be appropriate.

Examples of some of the differences in the occupancy and eligible figures regarding female participation are given below:

- The level of female participation on Jobskills (25%) is low compared to the eligible group (67%);



Equality Monitoring in DEL: 2007 Update

Claire Hood, Analytical Services, DEL

Table 1: Occupancy and Eligible Group Figures by Gender, Community Background and Disability ¹

Programme	% Female ²		% Catholic ^{3,4}		% Disabled ⁵	
	Occupancy	Eligible	Occupancy	Eligible	Occupancy	Eligible
Job Brokerage ⁶	29%	49%	46%	65%	6%	35%
Employment Support	34%	49%	43%	49%	100%	N/A
IFI Wider Horizons	43%	40%	69%	50%	N/A	0%
Jobskills ⁷	25%	67%	70%	67%	11%	33%
Jobskills Modern Apprenticeship	25%	42%	60%	62%	1%	29%
New Deal for Disabled People	40%	43%	48%	45%	78%	94%
New Deal 18-24	32%	25%	61%	75%	7%	0%
New Deal 25+	22%	17%	60%	80%	4%	33%
New Deal for Lone Parents	98%	N/A	66%	N/A	3%	N/A
New Deal for Partners	89%	N/A	47%	N/A	0%	N/A
Business Education Initiative	56%	N/A	58%	N/A	100%	N/A
Bridge to Employment	50%	60%	43%	60%	N/A	28%
Walsh Visa Programme	0%	0%	63%	75%	14%	20%
Higher Education (HE) ⁸	61%	N/A	57%	N/A	7%	N/A
Further Education (FE)	56%	N/A	55%	N/A	3%	N/A

1 The occupancy figures are as at 31st March 2007 for all of the main training and employment programmes. HE and FE enrolments are taken over the full academic year 2005/06. FE figures relate to assessed provision only.

2 Percentages given are of the total number with stated gender.

3 Percentages for community background exclude those not classified as either Protestant or Catholic. The accepted convention, which is followed in this table, is to give the percentage in [square brackets], except where specifically indicated. Protestant and Catholic percentages will thus sum to [100%]. Community Background information is not mandatory for training and employment programmes.

4 For HE and FE, information on community background is not a mandatory question and it is only collected for NI domiciled students studying at NI institutions which contributes to high response rates.

5 Disability in HE and FE is collected on the basis of self-assessment by each individual student, while those on training or employment schemes are given the DDA definition of disability and asked to determine if they are disabled under this definition. Disability information is not mandatory for training and employment programmes and is only input when the client declares a disability.

6 Eligible Group figures for Job Brokerage include only those who are ILO unemployed or economically inactive but who would like a job. The Job Brokerage service is also available to those who are employed but fewer will take up the service.

7 Excludes Jobskills Modern Apprenticeships.

8 HE figures refer to enrolments at NI HE institutions. HE data for 7 of the 9 Section 75 categories are now published on the DEL website:

<http://www.delni.gov.uk/index/publication/pubs-stats/statistical-fact-sheets.htm>

Equality Monitoring in DEL: 2007 Update

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- Similarly the female participation on Job Brokerage (29%) is low compared to the eligible group (49%);
- However the level of female participation on New Deal for 18 to 24 year olds (32%) is slightly higher compared to the eligible group (25%).

Examples of some of the differences in the occupancy and eligible rates regarding Catholic participation are given below:

- The level of Catholic participation on IFI Wider Horizons (69%) is high compared to the eligible group (50%);
- The Catholic participation on New Deal 25+ (60%) is low compared to the eligible group (80%);
- Similarly the level of Catholic participation on Job Brokerage (46%) is low compared to the eligible group (65%).

Examples of some of the differences in the occupancy and eligible rates regarding

disabled participation are given below:

- The level of disabled participation on New Deal for 18 to 24 year olds (7%) is high compared to the eligible group (0%);
- The disabled participation on Job Brokerage (6%) is low compared to the eligible group (35%);
- Similarly the level of disabled participation on New Deal 25+ (4%) is low compared to the eligible group (33%).

In relation to disability several programmes have a low participation rate of disabled people compared to what might be expected given the composition of the eligible group. In particular Job Brokerage, Jobskills Modern Apprenticeship, New Deal 25+ and Jobskills appear to have low levels of uptake by disabled people. The percentages of disabled people both taking part in New Deal for Disabled People programme and in the eligible group for this programme raises some issues as only those claiming Incapacity Benefit,

Severe Disablement Allowance or Income Support Disability Premium are eligible and it would be expected that all of this group would consider themselves disabled under the Disability Discrimination Act (DDA) definition of disability. (Under the DDA a person has a disability if he/she has a 'physical or mental impairment which has a substantial and long-term adverse effect on his/her ability to carry out normal day to day activities'). This shows that people's perceptions of their own disability may not be consistent between survey responses and monitoring forms and this could explain the low percentage of disabled people on some of the Department's programmes and services. It may also be due to the fact that the Disablement Advisory Service (DAS) provides guidance, training, assessment and placing services for people with disabilities who wish to obtain or retain employment. These services are provided through the network of Jobs and Benefits Offices across NI.



Equality Monitoring in DEL: 2007 Update

Claire Hood, Analytical Services, DEL

Table 2: Occupancy and Eligible Group Figures by Age¹

Programme	% 16-17		% 18-24		% 25-49		% 50+		% Other	
	Occ. ⁶	Eligible	Occ. ⁶	Eligible	Occ. ⁶	Eligible	Occ. ⁶	Eligible	Occ. ⁶	Eligible
Job Brokerage ²	1%	0%	41%	26%	47%	54%	12%	19%	0%	N/A
Employment Support	0%	1%	17%	9%	73%	50%	10%	40%	0%	N/A
IFI Wider Horizons	0%	N/A	91%	N/A	9%	N/A	0%	N/A	0%	N/A
Jobskills ³	66%	N/A	0%	N/A	0%	N/A	0%	N/A	34%	N/A
Jobskills Modern Apprenticeship	8%	10%	0%	90%	0%	0%	0%	0%	92%	N/A
New Deal for Disabled People	0%	0%	12%	6%	63%	48%	25%	46%	0%	N/A
New Deal 18-24	0%	N/A	96%	N/A	4%	N/A	0%	N/A	0%	N/A
New Deal 25+	0%	N/A	0%	N/A	75%	N/A	25%	N/A	0%	N/A
New Deal for Lone Parents	0%	N/A	33%	N/A	66%	N/A	1%	N/A	0%	N/A
New Deal for Partners	0%	N/A	16%	N/A	84%	N/A	0%	N/A	0%	N/A
Business Education Initiative	0%	N/A	100%	N/A	0%	N/A	0%	N/A	0%	N/A
Bridge to Employment	0%	0%	37%	31%	52%	47%	11%	22%	0%	N/A
Walsh Visa Programme	0%	N/A	43%	N/A	57%	N/A	0%	N/A	0%	N/A
Higher Education (HE) ⁴	0%	N/A	62%	N/A	33%	N/A	4%	N/A	0%	N/A
Further Education (FE) ⁵	25%	N/A	26%	N/A	34%	N/A	10%	N/A	5%	N/A

Notes

- 1 The occupancy figures are as @ 31 March 2007 for all training and employment programmes. HE and FE enrolments are taken over the full academic year 2005/06. FE figures relate to assessed provision only.
- 2 Eligible Group figures for Job Brokerage include only those who are ILO unemployed or economically inactive but who would like a job. The Job Brokerage service is also available to those who are employed but fewer will take up the service.
- 3 Excludes Jobskills Modern Apprenticeships.
- 4 HE figures refer to enrolments at NI HE institutions. HE data for 7 of the 9 Section 75 categories are now published on the DEL website: <http://www.delni.gov.uk/index/publication/pubs-stats/statistical-fact-sheets.htm>
- 5 Age is as @ 1st July 2005 for FE enrolments.
- 6 Occ. Is abbreviation of Occupancy.

Participation by Age

Table 2 shows occupancy/enrolments on the Department's main programmes and services and shows the eligible groups for age. The breakdown of the eligible population by age was also taken from the 2005 Labour Force Survey (most recent annual data available). The eligible group is the total number of people eligible to participate in the programme or service. Not all eligible group

figures are available as the data are taken from a sample survey and once the estimated number in a category drops below a certain level (6,000), data are deemed to be unreliable and are not published. Numbers exceeding 6,000 are also subject to sampling error. The figures for occupancy should broadly reflect those for the target population. If there is a large difference between the occupancy and eligible group figures then further investigation may be appropriate. The

breakdown of the eligible population by age is not possible for a large number of the programmes as they specify particular age criteria and therefore a breakdown into age bands would not be appropriate or produce reliable estimates.

Examples of some of the differences in the occupancy and eligible figures regarding participation by age are given below:

- The level of participation of 18 to 24 year olds on Job

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- Brokerage (41%) is high compared to the eligible group (26%);
- However the level of participation of 18 to 24 year olds on Jobskills Modern Apprenticeship (0%) is significantly lower compared to the eligible group (90%);
- The level of participation of 25 to 49 year olds on Employment Support (73%) is very high compared to the

- eligible group (50%);
- Similarly the level of participation of 25 to 49 year olds on New Deal for Disabled people (63%) is high compared to the eligible group (48%);
- The level of participation of those aged over 50 years old on Employment Support (10%) is low compared to the eligible group (40%);
- Similarly the level of

participation of those aged over 50 years old on New Deal for Disabled people (25%) is low compared to the eligible group (46%).

Participation by Marital Status

Table 3 shows occupancy/enrolments on the Department's main programmes

Table 3: Occupancy and Eligible Group Figures by Marital Status¹

Programme	% Single		% Married		% Other	
	Occ. ⁶	Eligible	Occ. ⁶	Eligible	Occ. ⁶	Eligible
Job Brokerage ²	77%	55%	12%	28%	12%	17%
Employment Support	88%	31%	10%	52%	1%	17%
IFI Wider Horizons	N/A	N/A	N/A	N/A	N/A	N/A
Jobskills ³	100%	N/A	0%	N/A	0%	N/A
Jobskills Modern Apprenticeship	99%	N/A	0%	N/A	0%	N/A
New Deal for Disabled People	51%	27%	32%	50%	17%	23%
New Deal 18-24	98%	N/A	0%	N/A	1%	N/A
New Deal 25+	64%	N/A	15%	N/A	21%	N/A
New Deal for Lone Parents	78%	N/A	1%	N/A	21%	N/A
New Deal for Partners	16%	N/A	53%	N/A	32%	N/A
Business Education Initiative	100%	N/A	0%	N/A	0%	N/A
Bridge to Employment	81%	52%	16%	34%	3%	14%
Walsh Visa Programme	100%	N/A	0%	N/A	0%	N/A
Higher Education (HE) ⁴	82%	N/A	15%	N/A	3%	N/A
Further Education (FE) ⁵	70%	N/A	25%	N/A	6%	N/A

Notes

1 The occupancy figures are as @ 31 March 2007 for all training and employment programmes. HE and FE enrolments are taken over the full academic year 2005/06. FE figures relate to assessed provision only.

2 Eligible Group figures for Job Brokerage include only those who are ILO unemployed or economically inactive but who would like a job. The Job Brokerage service is also available to those who are employed but fewer will take up the service.

3 Excludes Jobskills Modern Apprenticeships.

4 HE figures refer to enrolments at NI HE institutions. HE data for 7 of the 9 Section 75 categories are now published on the DEL website:

<http://www.delni.gov.uk/index/publication/pubs-stats/statistical-fact-sheets.htm>

5 Figures for '% married' of FE enrolments also includes '% co-habiting'.

6 Occ. Is abbreviation of Occupancy.

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and services and shows the eligible groups for marital status. The breakdown of the eligible population by marital status was also taken from the 2005 Labour Force Survey (most recent annual data available). The eligible group is the total number of people eligible to participate in the programme or service. Not all eligible group figures are available as the data are taken from a sample survey and once the estimated number in a category drops below a certain level (6,000), data are deemed to be unreliable and are not published. Numbers exceeding 6,000 are also subject to sampling error. The figures for occupancy should broadly reflect those for the target population. If there is a large difference between the occupancy and eligible group figures then further investigation may be appropriate. The breakdown of the eligible population by marital status is not possible for a large number of the programmes as there is a large proportion of suppressed data and therefore a breakdown into marital status bands would not be appropriate or produce reliable estimates.

Examples of some of the differences in the occupancy and eligible figures regarding participation by marital status are given below:

- The level of single participation on Job Brokerage (77%) is high compared to the eligible group (55%);

- The level of single participation on Employment Support (88%) is high compared to the eligible group (31%);
- The level of single participation on New Deal for Disabled people (51%) is high compared to the eligible group (27%);
- The level of single participation on Bridge to Employment (81%) is high compared to the eligible group (52%);
- The level of married participation on Job Brokerage (12%) is low compared to the eligible group (28%);
- The level of married participation on Employment Support (10%) is low compared to the eligible group (52%);
- The level of married participation on New Deal for Disabled people (32%) is low compared to the eligible group (50%);
- The level of married participation on Bridge to Employment (16%) is low compared to the eligible group (34%);
- The level of other marital status groups' participation on Employment Support (1%) is low compared to the eligible group (17%).

Participation by Dependants and Ethnicity

The breakdown of the eligible population by dependants is not possible for several reasons. The

information on dependant children is derived from the household dataset to ensure that only the head or partner of a head of household are included as those with dependants. This avoids the problem of counting an adult sibling in a household with other younger dependant children as a person with dependants. Usage of the household dataset in this manner does not enable the required breakdown by the various eligibility criteria for the programmes.

The breakdown of the eligible population by ethnicity is not possible as the number of people classified as 'non-white' of the total working age population of NI was 9,000 and as a result any further breakdowns such as those required render this estimate unreliable.

Monitoring Outcomes

From 2006 the process of examining the measurable outcomes of DEL's programmes and services was begun. In this year's equality article the measurable outcomes of New Deal for 18 to 24 year olds and New Deal 25+ will be updated.

- The eligibility criteria for New Deal for 18 to 24 year olds is that participants must be unemployed and aged between 18 and 24 and receiving Jobseekers Allowance for at least 6 months.

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- The eligibility criteria for New Deal 25+ is that participants must be unemployed and aged 25 or over and receiving Jobseekers Allowance for at least 18 months.

Table 4 shows the number of leavers and the number of those who have moved into sustained unsubsidised employment for New Deal for 18 to 24 year olds by a number of Section 75 equality groups between January

and December 2006. There were a total of 6,635 leavers and of these 26% went into sustained unsubsidised employment. A quarter (25%) of males and just over a quarter of females (27%) moved into sustained unsubsidised employment; 25% of single people and 21% of married people did likewise. In terms of community background, 24% of Catholics and 28% of Protestants moved into sustained unsubsidised

employment; and the corresponding figures for disabled and non-disabled people were 22% and 26% respectively. A greater proportion of non-white people moved into sustained unsubsidised employment (28%) as opposed to white people (26%) although numbers are low. There does not appear to be a difference within the equality groups for New Deal for 18 to 24 year olds.

Table 4: Leavers and numbers into sustained unsubsidised employment for New Deal for 18 to 24 year olds between January and December 2006

	Number of leavers Jan-Dec 06	Numbers into sustained unsubsidised employment Jan-Dec 06	% into sustained unsubsidised employment Jan-Dec 06
Gender			
Male	4709	1167	25%
Female	1926	526	27%
Marital Status			
Single	6368	1608	25%
Married	42	9	21%
Other	140	43	31%
Missing	85	33	39%
Religion			
Catholic	3365	801	24%
Protestant	2141	602	28%
Other	293	71	24%
Missing	836	219	26%
Disability			
Disabled	336	74	22%
Non-Disabled	6299	1619	26%
Ethnicity			
White	6531	1667	26%
Non-white	61	17	28%
Missing	43	9	21%
Total	6635	1693	26%

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Table 5 shows similar figures for New Deal 25+. There were a total of 5,528 leavers and of these 19% went into sustained unsubsidised employment. Almost a fifth (18%) of males and just over a fifth of females (21%) moved into sustained unsubsidised employment; 19% of single people and 21% of married people did likewise. In terms of community background, 17% of Catholics and 21% of Protestants moved into

sustained unsubsidised employment; and the corresponding figures for disabled and non-disabled people were 24% and 19% respectively. A greater proportion of non-white people moved into sustained unsubsidised employment (22%) as opposed to white people (19%). There does not appear to be a difference within the equality groups for New Deal 25+.

DEL will continue to collect data on and monitor the occupancy of its main programmes and services in order to ensure that all of these are delivered on the basis of equality of opportunity and we will continue to publish the results in the Labour Market Bulletins. We intend in future equality articles in subsequent Labour Market Bulletins to publish measurable outcome data from other DEL programmes and services.

Table 5: Leavers and numbers into sustained unsubsidised employment for New Deal 25+ between January and December 2006

	Number of leavers Jan-Dec 06	Numbers into sustained unsubsidised employment Jan-Dec 06	% into sustained unsubsidised employment Jan-Dec 06
Gender			
Male	4442	813	18%
Female	1086	230	21%
Marital Status			
Single	3142	606	19%
Married	1026	219	21%
Other	1320	206	16%
Missing	40	12	30%
Religion			
Catholic	2784	464	17%
Protestant	1782	373	21%
Other	272	68	25%
Missing	690	138	20%
Disability			
Disabled	211	50	24%
Non-Disabled	5317	993	19%
Ethnicity			
White	4951	932	19%
Non-white	94	21	22%
Missing	483	90	19%
Total	5528	1043	19%

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Claire Hood, Analytical Services, DEL

FURTHER INFORMATION

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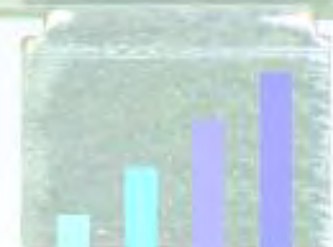
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Key Words:

Equality, monitoring, DEL programmes, Section 75, occupancy, eligible groups, measurable outcomes.





UK Research into Higher Education, Further Education and Labour Market Issues

Kathryn Wilson and Michael Chan, Analytical Services, DEL

The Department for Employment and Learning monitors a number of Government organisations and research bodies to keep abreast of related research in the field of Further Education (FE), Higher Education (HE), and Labour Market Issues. The aim is to ensure that relevant outcomes from this wider body of research are built into the policy development cycle. Therefore, when commissioning its own research the Department avoids any unnecessary duplication of work carried out elsewhere.

The following piece summarises a number of research articles published in the last year. The articles are listed under the four areas that are seen as key in delivering the Department's strategic objectives; enhancing the provision of learning and skills, increasing the level of research and development, helping individuals acquire jobs and developing and maintaining the framework of employment rights and responsibilities. All of the research is available on the internet and the relevant web addresses are listed at the end of the article. It should be noted that the research summarised within the article is largely focused at the national level or on other regions of the UK and the findings may not be directly applicable to NI.

ENHANCING PROVISION OF LEARNING AND SKILLS

(a) Skills

- **Prosperity for all in the Global Economy - World Class Skills**

The Report of the Leitch Review of Skills sets out a compelling vision for the UK. It shows that the UK must urgently raise achievements at all levels of skills and recommends that it commit to becoming a world leader in skills by 2020, benchmarked against the upper quartile of the OECD. This means doubling attainment at most levels of skill.

Responsibility for achieving ambitions must be shared between Government, employers and individuals.

http://www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf

- **Northern Ireland Skills Monitoring Survey**

This report from the Department for Employment and Learning updates findings from the Northern Ireland Skills Monitoring survey 2002, providing useful comparisons over time. Findings show that about a third of employers had organised some off-the-job training for their staff and that the provision of off-the-job training was most prevalent for employees working in professional occupations, personal service occupations and associated professional occupations.

http://www.delni.gov.uk/ni_skills_monitoring_survey_2005.pdf

- **National Adult Learning Survey (NALS) 2005**

This report presents the findings from the National Adult Learning Survey (NALS 2005). It was carried out by the *National Centre for Social Research* on behalf of the Department for Education and Skills (DfES) and it looks at a wide variety of aspects of adult participation in learning.

<http://www.dfes.gov.uk/research/data/uploadfiles/RR815.pdf>



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- **A Shared Evidence Base: The Role of Skills in the Labour Market**

The paper suggests that although the skills profile of the UK will continue to improve and the proportion of unqualified people to fall significantly, the UK economy is still expected to be disadvantaged by having a relatively 'long tail' of low-qualified and low-skilled labour. This skills deficit contributes to the productivity gap with some of the UK's competitors. Therefore, in order to increase productivity, maximise output and improve social equity, the UK needs to improve the qualifications and skills of the low qualified and low skilled; and maintain and increase employment rates.

<http://www.dfes.gov.uk/research/data/uploadfiles/RW91.pdf>

- **Skills for a World Class Service**

The report presents evidence from recent research that highlights the importance of customer service/soft skills and languages as skills for employment. Significant research exists to demonstrate the negative impact on the UK economy as a result of low language skills whilst there is clear evidence from employer feedback that customer service, and the soft skills that underpin customer service, are highly prized in the workplace. This project explored the views of educationalists, business practitioners and young people on the importance of languages

and customer service skills and the ways in which these skills can be developed. Case study material and discussion events clearly demonstrate the need for employers and educationalists to work closely together, particularly in curriculum development, in order to better prepare young people for the workplace and to help them in developing skills for sustainable employment.

http://www.goskills.org/UploadedDocs/Publications/GoSkills_Report.pdf

- **Futureskills Scotland Expert Briefing: Skills in a Global Economy**

The ageing population and shifts in the patterns of industries and jobs as two related trends that demand particular attention are highlighted. When dealing with population ageing the report rightly highlights the international dimension of this issue: population ageing is something facing most European nations. Opportunities that 'positive' ageing presents are also emphasized. On the changing structure of industries and jobs, two important points are made. First, the way in which the economy is changing is often misunderstood. While there is ever increasing demand for people with high level skills, there is also a growing need for people to do jobs that typically need lower level skills. Secondly, the need to replace people who leave jobs – because they retire, move to another job etc. – creates many more vacancies and training needs than the

'new' jobs that arise from growing industries and occupations.

http://www.futureskillsscotland.org.uk/web/site/home/ExpertBriefings/Report_Futureskills_Scotland_Expert_Briefing_Skills_in_a_Global_Economy.asp

- **Update to the SSDA Sector Skills Matrix**

The latest update to the SSDA's Sector Skills Matrix took place in March 2007. The Matrix is the single most comprehensive source of sector data available. It provides a range of economic, employment and skills data presented either by 14 and 27 sectors, or SSC. Using national sources, it provides comparable data on each of these sector categories benchmarked against the UK position. Data is also presented for England and its nine government office regions, Scotland, Wales and NI.

<http://www.ssdamatrix.org.uk/>

- **Skills at Work, 1986 to 2006**

This Report presents the latest evidence on work skills in Britain drawn from data collected for the 2006 Skills Survey. The source of the data presented is a high quality representative survey of working individuals living in Britain aged 20-65. Its aim was to gather information on the skills used at work via survey questions directed at workers themselves. This Report explains how several different aspects of work skill can be measured using the information gathered and

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examines the distribution of job skills among those in work. The Report also describes changes that have taken place over the last two decades, by making comparisons across five separate, but comparable, surveys carried out in 1986, 1992, 1997, 2001 and 2006.

<http://www.kent.ac.uk/economics/staff/gfg/Skills%20at%20Work,%201986%20to%202006.pdf>

- **The Value of Basic Skills in the British Labour Market**

In this paper the authors use new data from the British Cohort Study to determine the labour market value of basic skills in the current (2004) UK labour market for a cohort of adults in their thirties. They also compare this to the value of basic skills for an older cohort (from the National Child Development Study, 1958 cohort) in the mid 1990s.

<http://www.dfes.gov.uk/research/data/uploadfiles/CEE02-07.pdf>

- **Why Migration to Ireland Reinforces Skills Shortages when it is Supposed to Alleviate them: the Case of the Software Industry**

The Employment Research Centre's 'Globalisation and transnational migrant workers in the Dublin labour market' project focuses on the role of skilled migrants in the software industry in order to get a clearer picture of why this key industry seems to be constantly suffering from a skills shortage. Findings

based on in-depth interviews with migrants, human resource managers, and representatives of government agencies reveal a more complex situation than is normally acknowledged, and they make it necessary for us all to re-think the relationship between migration and the economy.

<http://www.tcd.ie/ERC/observatorydownloads/Migration.pdf>

(b) Higher Education

- **Part-time students and part-time study in higher education in the UK: Strands 1-3**

Strands 1-3 are part of the Universities UK and GuildHE project to examine part-time students and part-time study within the UK. Strand 1 involves a quantitative data analysis of 2003/04 HESA data with Strand 2 involving a survey of the issues that face institutions. The final Strand 3 circles around a survey of students' attitudes and experiences of part-time study and its costs in 2005/06.

http://bookshop.universitiesuk.ac.uk/downloads/parttime_strand1.pdf

http://bookshop.universitiesuk.ac.uk/downloads/parttime_strand2.pdf

http://bookshop.universitiesuk.ac.uk/downloads/parttime_strand3.pdf

- **Education, Occupational Class, and Unemployment in the Regions of the United Kingdom**

This paper examines a measure of returns to education based on the probability of "labour market success" associated with different levels of qualification. Two measures of "success" are used based on data from the 2001 UK Census for the different regions of the UK: first, the likelihood of persons in employment being in "good" jobs; second, the likelihood of persons in the labour force being in employment. The results show that, in every region of the UK, better qualifications are significantly and strongly associated with higher probabilities of labour market success.

http://www.delni.gov.uk/education_occupational_class_and_unemployment_in_the_regions_of_the_uk.pdf

- **Staying the Course: An Econometric Analysis of the Characteristics most Associated with Student Attrition Beyond the First Year of Higher Education**

Non-completion of courses by students has implications for themselves, the institutions that they attend, and for the economy and society in general. Through the analysis of non-completion of first year HE courses at the University of Ulster, this paper reports the results of an econometric modelling exercise that shows that non-completion is



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associated with factors including gender, religion, socio-economic class, and the nature of the course undertaken.

http://www.delni.gov.uk/staying_the_course.pdf

- **Variable Tuition Fees in England: Assessing their Impact on Students and Higher Education Institutions**

This is the first in what is intended to be a regular series of short publications. It will enable the effects of the new variable fees arrangements for UK and EU domiciled full-time undergraduates attending Higher Education Funding Council for England (HEFCE) funded higher education institutions (HEIs) in England to be monitored.

<http://bookshop.universitiesuk.ac.uk/downloads/variable%20fees.pdf>

- **The Economic Impact of UK Higher Education Institutions**

This study presents key economic features of UK higher education in the academic and financial year 2003/04 and those aspects of its contribution to the economy that can be readily measured. Analysis is made of the sector as a conventional industry, highlighting major economic characteristics of higher education institutions including their sources of revenue, employment created, output generated and export earnings attracted. Modelled estimates

are made of the economic activity generated in other sectors of the economy through the secondary or 'knock-on' multiplier effects of the expenditure of the higher education institutions, their staff and that of international students and visitors attracted to the UK by the higher education institutions.

<http://bookshop.universitiesuk.ac.uk/downloads/economicimpact3.pdf>

- **Ethnicity and Degree Attainment**

Although the participation of students from minority ethnic communities in Higher Education (HE) is higher than for students from White communities, the attainment of those who complete a first degree programme (as measured by class of degree) is markedly lower than that of their White peers.

Previous studies have shown that this difference in attainment cannot be explained by age, prior attainment, or subject of study – but, as far as the authors know, there has been no large scale analysis of recent cohorts which has systematically tried to control for a full range of factors in analysing the attainment of students from minority ethnic communities in HE. This study, seeks to address this gap in the literature.

<http://www.dfes.gov.uk/research/data/uploadfiles/RW92.pdf>

- **What do Graduates do? The class of 2005**

The data are contained in the latest edition of What do Graduates do? The Class of 2005 – the 24th in the series of reports on the first destination of award recipients published by the Higher Education Authority. There were 46,603 award recipients in 2005.

<http://www.heai.ie/uploads/pdf/What%20Do%20Graduates%20Do,%20The%20Class%20of%202005.pdf>

- **Higher Education, Skills and Employer Engagement**

This report deals with the practicalities and the implications of the 2006 Leitch report into adult skills and the Government's proposals so far. It looks at elements of the emerging skills agenda - in particular, targeting older learners, employer engagement in higher education, and routes into HE for young learners with vocational qualifications.

<http://www.hepi.ac.uk/pubdetail.asp?ID=232&DOC=Reports>

- **Promoting Enterprise-Higher Education Relationships**

This review of the Advisory Science Council examines the relationship between enterprises and higher education institutions (HEIs), both in Ireland and in a number of comparable countries (Austria, Finland, Belgium and Denmark) in order to better understand the driving forces behind such relationships and to assess the situation in Ireland

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and whether changes are needed in critical areas influencing these relationships.
<http://www.forfas.ie/publications/show/pub269.html>

(c) Further Education

- **Raising the Learning Leaving Age: are the Public Convinced?**

In March 2007 the government launched the Raising expectations Green Paper, which sets out proposals for making it compulsory from 2015 for all teenagers to stay in some form of education until they reach their 18th birthday. This research explores the attitude of teenagers and parents to one of the most significant changes in education policy that we're likely to see for a generation.
<http://www.lseducation.org.uk/user/order.aspx?code=072820&src=XOWEB>

- **Paying Young People to Stay on at School – Does it Work? Evidence from the Evaluation of the Piloting of the Education Maintenance Allowance (EMA)**

With a view to raising participation, retention and achievement rates in post-16 education among 16-18 year olds, particularly among those from lower-income families, the piloting of the Education Maintenance Allowance (EMA) began in September 1999. The EMA is an allowance paid to young people (or in some areas

in the piloting phase, to their parents), eligibility for which is dependent on parental income. EMAs were rolled out nationally from September 2004. The Department for Education and Skills (DfES) funded a large-scale study over a five-year period. The evaluation comprised large-scale longitudinal quantitative surveys, longitudinal qualitative studies of young people and their parents, longitudinal qualitative studies of the local implementation and delivery of EMA, and narrative studies which collected socio-demographic information. This paper presents some key findings from the evaluation and some emerging policy developments following the national implementation of the EMA policy initiative.

<http://www.skope.ox.ac.uk/WorkingPapers/Skope%20Research%20Paper%2069.pdf>

- **Vocational A levels and University Entry. Is there Parity of Esteem?**

This report considers the question of the relationship between vocational and academic Level 3 qualifications from a number of different angles. The first two sections take a closer look at the characteristics of the students taking each type of qualification, and whether there is any evidence about the relative rigour of each.

<http://www.hepi.ac.uk/downloads/29VocationalAlevelsandparityofesteem-full.pdf>

- **Level 2 National Vocational Qualifications: the Characteristics of those who Obtain them, and their Impact on Employment and Earnings Growth**

The aims of the research were (a) to provide information on the perceived benefits of a Level 2 NVQ; (b) to learn about the experience of Level 2 NVQ acquisition; (c) to learn about the background and motivations of people obtaining Level 2 NVQs; and (d) to relate these factors to the impact of the qualification.

<http://www.dfes.gov.uk/research/data/uploadfiles/RR821%20Or.pdf>

- **An Investigation of Vocational Progression Pathways for Young People and Adults in Building Crafts and Hospitality CoVEs: a London Case Study**

Centres of Vocational Excellence (CoVEs) deliver specialist vocational provision with a focus on increasing learner numbers at Level 3. They aim to produce skilled and appropriately qualified workers to meet the needs of the economy by enhancing the skills and careers of those already in work, the employability of new entrants to the labour market and the employment prospects of those seeking work. The principal aim of this project is to explore how vocational pathways have been developed and enhanced in two occupational areas - building crafts and hospitality - among



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14-19 year olds and employed adults in London.

<http://www.lseducation.org.uk/user/order.aspx?code=062676>

- **A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications**

This study aims to evaluate the cost effectiveness of apprenticeship training, and compare this to the cost effectiveness of other forms of vocational qualification provision. In particular, the wage benefits to individuals of completing an apprenticeship will be calculated.

<http://www.dfes.gov.uk/research/data/uploadfiles/RR834.pdf>

INCREASING THE LEVEL OF RESEARCH AND DEVELOPMENT

- **Americans Do I.T. Better: US Multinationals and the Productivity Miracle**

This paper examines the productivity of IT in a large panel of establishments located in the UK. By examining the differences in IT-related productivity between establishments owned by US multinationals, establishments owned by non-US multinationals and domestic establishments it will help understand the reasons behind the productivity gap between US multinationals and non-US multinationals.

<http://cep.lse.ac.uk/pubs/download/dp0788.pdf>

- **Productivity Growth, Knowledge Flows and Spillovers**

This paper explores the role of knowledge flows and Total Factor Productivity (TFP) growth by using direct survey data on knowledge flows linked to firm-level TFP growth data. The knowledge flow data correspond to the kind of information flows often argued, especially by policy-makers, as important, such as within the firm, or from suppliers, purchasers, universities and competitors. The report examines three questions (a) What is the source of knowledge flows? (b) To what extent do such flows contribute to productivity growth? and (c) Do such flows constitute a spillover flow of free knowledge? <http://cep.lse.ac.uk/pubs/download/dp0785.pdf>

- **Research Infrastructure in Ireland - Building for Tomorrow 2007**

The purpose of the review was to internationally benchmark the research infrastructure in the higher-education sector in particular and to identify gaps in the Irish national platform of research infrastructure, which could be addressed in the short to medium term. The review was conducted mindful of the goals, objectives and enhanced investment proposed in the Government's Strategy for Science, Technology and Innovation, 2006-2013 (SSTI) published in June, and of the new National Development Plan 2007-2013 (NDP).

<http://www.heai.ie/uploads/pdf/Research%20Infrastructure%20in%20Ireland%20-%20Building%20for%20Tomorrow%202007.pdf>

HELPING INDIVIDUALS ACQUIRE JOBS

(a) Routes to Employment

- **Repeat Jobseeker's Allowance Spells**

Since the inception of the Jobseeker's Allowance (JSA) regime in 1996 and the mandatory New Deals in 1998, the numbers in both long-term and short-term unemployment have decreased. However, there is increasing concentration of unemployment within a challenging client group who repeatedly claim JSA without finding sustained employment between claims; the majority of those commencing a new JSA claim are repeat claimants (54 per cent between July 2003 and June 2004). This survey helps to provide more detailed information to address the fundamental questions of why recycling is occurring and how it can be addressed.

<http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep394.pdf>

- **The Impact of Pathways to Work**

This report presents the results of evaluating the overall effect of Pathways. It focuses on individuals making an incapacity benefits claim some time after

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Pathways was introduced and so should capture the effects of Pathways once it has been operational for some time; it considers longer-term outcomes; and it estimates effects using both survey data and administrative data – this allows for a more detailed analysis of benefit outcomes and also for the assumptions underlying the evaluation approach to be examined.

<http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep435.pdf>

- **Understanding why People Return to the New Deals in Northern Ireland**

The aim of the research was to provide a better understanding of the reasons why some people return to New Deal. It focuses on the characteristics of New Deal returners; it examines the employability of returners; it considers why New Deal was not successful for returners; and finally it focuses on what interventions may be more appropriate for those that are returning.

http://www.delni.gov.uk/new_deal_returners-june07.pdf

- **Sharing and Matching Local and National Data on Adults of Working Age Facing Multiple Barriers to Employment: Administrative Datasets for Measuring Impacts on Disadvantage**

Government maintains that employment represents the most effective route out of poverty. The New Deal and the

Tax Credit system have delivered improvements in employment levels. However, problems remain in securing work for individuals who can work, but who face multiple barriers to employment.

The research was designed to explore the possible advantages of linking project level, local authority level and city-level datasets with DWP datasets as a means to improve the range and extent of data available on 'hard to help' groups who are able to work.

<http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep387.pdf>

- **The Longer Term Outcomes of Work-Based Learning for Adults: Evidence from Administrative Data**

Work-Based Learning for Adults (WBLA) is a voluntary programme designed to help long-term jobless people on a range of benefits move into sustained employment. It offers jobseekers a variety of occupational skills and gives them the opportunity of working towards a recognised qualification that will increase their chances of finding work. After Jobcentre Plus started delivering the programme in 2001, an early evaluation study (Anderson *et al.* 2004) found mainly weak or insignificant employment effects for the first 12 months after the beginning of WBLA, based on a sample survey of participants beginning WBLA between January and April 2002.

This report presents the results of this new evaluation study into the longer-term outcomes of WBLA on the basis of administrative data. Most of the earlier findings of the employment effects of WBLA were confirmed, but this report also estimates the influence of WBLA on a variety of benefit and employment outcomes and the sustainability of employment.

<http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep390.pdf>

- **Evaluation of Basic Skills Mandatory Training Pilot: Synthesis Report**

In response to the national strategy for improving adult literacy and numeracy skills, the Employment Service (ES) (now Jobcentre Plus) implemented a National Basic Skills Programme in April 2001. Under this programme jobseekers who had been unemployed for at least six months or were entering New Deal were screened for a basic skills need. If a need was identified at the initial screening, customers are referred to an Independent Assessment (IA) to further assess their basic skills need. If a need was confirmed, the customer was then referred onto a basic skills training course.

An extended 12 month Mandatory Training Pilot scheme was introduced in April 2004 and a longitudinal evaluation commenced in order to explore the impact of sanctions on the people taking up and completing



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basic skills training. This report brings together evidence from all parts of the evaluation.

<http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep385.pdf>

- **What Works Best in Reducing Child Poverty: a Benefit or Work Strategy?**

Countries with very low child poverty rates (less than 5%) combine low levels of family joblessness and effective redistribution policies; effective anti-poverty strategies therefore should seek a balanced approach combining improved benefits where necessary and improved incentives to work.

<http://www.oecd.org/dataoecd/30/44/38227981.pdf>

(b) Other Labour Market Research

- **Work-rich and Work-poor: Three Decades of Change**

An analysis of trends in the distribution of jobs between social groups, this report tracks the number of non-working families in Britain over the last three decades.

An understanding of why the number of people with no earned income has increased substantially could provide directions for future social policy. Tracking the rise of non-working families in Britain from 1974 to 2003, this report:

- analyses the distribution of employment, particularly between men and women, disabled and non-disabled

- people and older and younger people; and
- compares changes in group-specific employment probabilities with the overall employment rate, to find underlying trends.

The report concludes that the problem is about 'traditional' inequality just as much as changing family patterns – the polarisation between two-earner and no-earner couples may be because it is now acceptable for a woman to contribute earnings alongside her partner, but not for her to replace them.

Inequality between men and women within couples has been reduced, but inequality between families has been increased by the two-earner/no-earner polarisation.

<http://www.jrf.org.uk/bookshop/eBooks/1978-employment-distribution-poverty.pdf>

- **Attitudes to Migrant Workers: Results from the Northern Ireland Omnibus Survey**

Since the accession of the A8 countries to the EU in 2004 there has been a dramatic increase in the level of migrant workers arriving in NI. In recognition of the significance of the problems faced by migrant workers and the implications of substantial numbers of migrant workers on society and on the provision of services, work was carried out on the Attitudes to Migrant Workers.

<http://www.delni.gov.uk/delmi/grantworkersreport.pdf>

- **The Irish Labour Market Review 2006 A FÁS review of Irish labour Market Trends and Policies**

The Irish Labour Market Review is prepared and published by FÁS as a contribution to understanding and debate about Irish labour market developments and issues. It has addressed a range of issues including the labour market participation of disadvantaged groups, up-skilling of the employed, older workers, immigration, gender pay gaps and incentives to work. This year's Review presents an overall assessment of labour market developments in Ireland (Chapter 1), addresses three labour market policy issues in Chapter 2 and contains a special article on replacement rates written by three authors from the ESRI in Chapter 3.

http://www.fas.ie/NR/rdonlyres/F63B6DCE-61FA-49B5-A4CC-E34522B16944/0/LABOUR_MARKET_REVIEW_2006.pdf

- **Developing Positive Action Policies: Learning from the Experiences of Europe and North America**

The aim of this study was to (a) review positive action labour market policies in Europe and North America; (b) explore how these policies were implemented and identify which organisations were involved in the development and implementation of these policies; (c) establish whether and in what respects these policies have been deemed

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successful in improving ethnic minority employment rates and social mobility; (d) reflect on the lessons to be learnt from these experiences for the UK.

<http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep406.pdf>

- **From Immigration to Integration: Local Solutions to a Global Challenge**

Today the battle for talent is as important as the battle for capital. In the knowledge economy, skilled migrants can offer a significant comparative advantage to local economies. Unskilled migrants are also in demand, particularly where demographic change reduces the self-sufficiency of local labour markets. Yet for the potential advantages of migration to be harnessed, it is crucial that immigration be accompanied by integration, or effective mechanisms for ensuring that immigrants are incorporated into labour markets, the economy and society. Paradoxically, at the same time that migration is increasing in global importance, there is worrying evidence that integration results do not seem to be as favourable as they were in the past.

http://www.oecd.org/document/3/0,2340,en_2649_201185_37524995_1_1_1_1,00.html

DEVELOPING AND MAINTAINING THE FRAMEWORK OF EMPLOYMENT RIGHTS AND RESPONSIBILITIES

- **Employment Relations Survey 2004-2005 (Employee and Employer Components): Analytical Report**

Research was carried out amongst employees in June 2004 and amongst employers between January and March 2005 to measure attitudes and practices relating to a number of important employment issues. These issues included resolving disputes at work, sources of employment relations advice, recruitment, working from home and trade union membership. The report analyses and compares the major findings from each strand of the research.

http://www.delni.gov.uk/employment_relations_survey_2004-2005_analytical_report.pdf

- **Small and Medium-sized Enterprises Findings from the 2004 Workplace Employment Relations Survey**

This study uses the nationally representative 2004 Workplace Employment Relations Survey (WERS 2004) to describe employment practices in private sector workplaces belonging to SMEs. As both managers and employees were surveyed within workplaces, this report is able to compare employees' views of

the employment relationship with those of their managers. It also makes comparisons between the practices of SMEs and those of larger firms.

<http://www.dti.gov.uk/files/file31580.pdf?pubpdfdownload=06%2F1008>

- **Flexible Working Patterns: Comparison of Employee and Employer Survey Conducted in 2003 and 2006**

Report comparing the results of surveys carried out amongst employees and employers during 2003 and 2006. The surveys investigated the attitudes of both groups towards flexible working issues and asked about how relevant policies were implemented in the workplace.

http://www.delni.gov.uk/flexible_working_patterns_-_comparison_of_employee_and_employer_surveys_conducted_in_2003_and_2006.pdf

- **Changing Job quality in Great Britain 1998-2004**

This report finds some evidence of improvement in job quality in Britain. Between 1998 and 2004 employees became more satisfied with the sense of achievement that they got from work, felt that they gained more influence over their jobs, and perceived increasing job security and an improving climate of management/employee relations. This evidence contrasts with the deteriorating trend of job quality of the 1990s. However, effort levels have



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remained high relative to the early 1990s and levels of stress increased from 1998 to 2004.

<http://www.dti.gov.uk/files/file35846.pdf>

- **Findings from the survey of Claimants in Race Discrimination Employment Tribunal Cases (SETA RRA)**

The aims of this survey were to investigate how and why race discrimination cases differed from other cases in terms of their outcomes; the expectations and experiences of parties involved in such cases; and how parties from ethnic minority groups fared in Employment Tribunal cases as a whole and compare race discrimination (RRA) cases with 4 main comparison groups taken from the SETA 2003 data.

<http://www.dti.gov.uk/files/file34685.pdf>

- **Embedding the Provision of Information and Consultation in the Workplace: a Longitudinal Analysis of Employee Outcomes in 1998 and 2004**

Based on an analysis of the Workplace Employment Relations Survey, this report finds strong positive links between the 'breadth' and 'depth' of some information and consultation practices and employee commitment. Employee ratings of the helpfulness of some consultation and communication methods are positively linked to job satisfaction and

commitment. Employee ratings of managers' effectiveness in consulting employees and employees' satisfaction with their involvement in decision-making are also positively linked with job satisfaction and commitment, suggesting that the way in which information and consultation methods are implemented is just as important as the type of practices used.

<http://www.dti.gov.uk/files/file38176.pdf>

- **Who Cares Now? Changes in Informal Caring 1994 and 2006**

Informal care in NI is changing. The boundaries of care are being drawn more tightly around immediate family members. There seem to be fewer informal carers but the care being provided is more intensive and demanding. Further research is clearly needed but it may well be that people's capacity to care has diminished and hence informal care is being restricted.

<http://www.ark.ac.uk/publications/updates/update51.pdf>

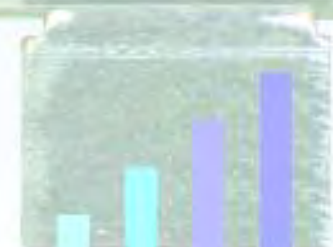
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The various papers that have been presented and summarised within this article illustrate the wide gamut of research that is conducted into Tertiary Education and Labour Market Issues. It can be noted though that this article only presents the tip of the iceberg in terms of the level of the research that is available in the field. Listed below is a selection of highly regarded and popular research websites:

- Centre for Economic Performance www.cep.lse.ac.uk
- Department for Education and Skills www.dfes.gov.uk
- Department for Employment and Learning www.delni.gov.uk
- Department for Trade and Industry www.dti.gov.uk
- Department for Work and Pensions www.dwp.gov.uk
- Economic Research Institute of NI www.erini.ac.uk
- Forfas www.forfas.ie
- Graduate Market Trends www.prospects.ac.uk/
- Hero www.hero.ac.uk
- Higher Education Academy www.heacademy.ac.uk
- Higher Education Authority Ireland www.heai.ie
- Higher Education Funding Council for England www.hefce.ac.uk
- Higher Education Policy Institute www.hepi.ac.uk
- Institute of Public Policy Research www.ippr.org
- Learning and Skills Network www.lsneducation.org.uk
- Learning Skills Research Centre www.lsrc.ac.uk
- National Research and Development Centre www.nrdc.org.uk
- Organisation for Economic Co-operation and Development www.oecd.org
- Sector Skills Development Agency (SSDA) www.ssda.org.uk
- Skope www.skope.ox.ac.uk
- The Institute for Employment Studies www.employment-studies.co.uk
- The National Foundation for Educational Research www.nfer.ac.uk





Call Centre Employment in Northern Ireland – An Update

Terry Morahan, Independent Consultant

One of the most rapidly growing sectors in terms of employment is call centres (sometimes referred to as contact centres or customer service centres). This article is a update of previous articles by the author - “Call Centre Capacity in NI” – see LMB No 1 Chapter 13 (2000); LMB No 17 Chapter 32 (2003); and “Derry or Delhi, Bangor or Bangalore?: A Passage to India?” – LMB No 18 Chapter 27 (2004).

The UK media have often reported job losses in the call sector industry – with India often being cited as the primary destination. However there has been little evidence of this effect in NI as the call centre sector continues to grow rapidly (see **Table 1**), and indeed almost uniquely to **exceed** past forecasts (see **Table 2**). Indeed the largest and fastest growing call centre employer is HCL Technologies of New Delhi which now employs 1,500 people in Belfast and 700 in Armagh.

Already by 2005, call centre employment in the UK was estimated to be around 800,000 – some 2.7% of total UK employment and was expected to top the million mark (3.4%) by the end of 2007¹. NI's call centre employment of 13,000 currently accounts for 1½% of our employment and is forecast to grow to 16,000, or around 2%, so there is still considerable room for further expansion. Employment is not evenly spread with almost as many jobs in Derry as in the entire non-Belfast (“Elsewhere” in **Table 1**) part of NI. So, whilst perhaps some areas of NI now may be approaching saturation, others seem ripe for development, in particular the Ballymoney/Coleraine/Portrush area.

In recent years there have been many new arrivals eg LBM and Yell in Belfast; First Source in Belfast and Derry; Imagine in Armagh; Teleperformance in Newry; and Northbrook in Strabane – as well as major expansions eg by Creation

Finance, GEM and Halifax in Belfast; Quinn-Direct in Enniskillen; and Stream in Derry. Notable closures include Prudential and BA, both in Belfast.

Table 1 gives the latest information on present employment and projected growth in call centre employment in NI.

It can be seen from **Table 2** that the sector has undergone a dramatic expansion in recent years: more than trebling between 2000 and 2007, and with more jobs “in the pipeline”.

Table 3 gives the most recent estimates of call centre employment by UK region. It can be seen that whilst in NI, call centre employment represents around 1.7% of employment, this is below the UK average of 2.7%. Moreover, there are a number of regions where call centre employment considerably exceeds that of NI as a proportion of total employment – for example in the South East, North West, Yorkshire and The Humber, and Scotland, call centre employment approaches 4% of employment (even a little above in the North West). This again suggests that, despite the growth of recent years, NI is far from reaching saturation.

Unfortunately, whilst UK Trade and Invest publish data on wage levels in some UK regions, they do not publish these data for NI. These data would be needed for a more in-depth analysis – for example of the Belfast region –

1 Source: UK Trade and Investment (July 2007)
www.uktradeinvest.gov.uk



Call Centre Employment in Northern Ireland – An Update

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Table 1: Present Employment and Projected Growth in Call Centre Employment in NI.

Organisation	Location	Current Employees	Projected Employees	Description
Greater Belfast				
Abbey	Belfast	530	720	Teleservices Centre for Abbey's UK customer base
AMA	Bangor	200	280	Telemarketing Bureau
AXA	Belfast	90	90	Insurance Services
BBC/Capita	Belfast	100	100	Customer Service Centre for viewers and listeners
BT	Belfast	150	150	Customer Service Centre
Caterpillar	Larne	50	50	Customer Services
Creation Finance	Belfast	200	350	Financial Services
First Choice	Belfast	50	50	Direct Sales - Holidays
First Source	Belfast	430	430	Transaction Processing
Forth Data Management	Bangor	20	20	Data Processing
GEM	Belfast	900	900	Technical Customer Support Centre
Halifax/HBOS	Belfast	1,770	1,800	Telesales and Online Banking Centre
HCL	Belfast	1,500	1,500	Telemarketing/Technical Support
LBM	Belfast	420	750	Outsourcing
MDS Pharma	Belfast	20	20	Clinical Services
MM Group	Bangor	700	900	Teleservices/Direct Marketing Bureau
Northgate	Belfast	80	80	Customer Services
Northern Bank	Belfast	120	120	Customer Services
Northern Bank	Derriaghy	150	150	Customer Services
Payzene (Grafton)	Belfast	30	60	Shared Services Centre
P&O	Larne	60	60	Customer Booking Centre
Regus	Belfast	90	100	Shared Services Centre
RIAS	Belfast	300	450	Insurance
Seatem UK	Belfast	40	40	Ticket Booking
Segue Software	Belfast	30	30	Technical Support
Synstar	Belfast	50	50	Technical Support
Teletech	Belfast	500	550	Customer Interaction Centre
Tricord	Lisburn	20	25	Direct Marketing
Ulster Bank	Belfast	400	400	Banking -Account Management Centre
Yell	Belfast	80	140	Business Directory
Sub Total		9,080	10,365	
L'Derry				
AMA	L'Derry	90	140	Telemarketing Bureau
AXA	L'Derry	50	150	Insurance Services
BT	L'Derry	140	180	Call Billing
First Source	L'Derry	480	580	Transaction Processing
GEM	L'Derry	30	30	Technical Customer Service Centre
Stream	L'Derry	600	1,050	Online Support to IT companies
HML	L'Derry	300	380	Process Mortgage Applications
JMT	L'Derry	100	100	Call Centre Work Verification
Censys	L'Derry	30	60	Telemarketing Bureau
Sub Total		1,820	2,670	
Elsewhere				
BT	Portadown	100	100	Directory Enquiries
BT	Enniskillen	420	420	E-Customer Service Centre
HCL	Armagh	700	700	Telemarketing/Technical Support
IDS	Newry	20	20	Telemarketing
Imagine	Armagh	70	300	Telecoms
Northbrook	Strabane	250	360	Insurance Services
Northgate	Ballymena	40	40	Customer Services
Northgate	Omagh	20	20	Customer Services
Quinn-Direct	Enniskillen	650	800	Insurance Services
Teleperformance	Newry	100	450	Telesales/Direct Marketing
Sub Total		2,270	2,760	
Total for NI		13,170	15,795	

Call Centre Employment in Northern Ireland – An Update

Terry Morahan, Independent Consultant

Table 2: Sector Expansion

Year	2000	2004	2007	Projected	% Increase 2000-2007	% Projected Increase
Greater Belfast	3,090	6,410	9,080	10,365	235%	14%
L'Derry	500	730	1,820	2,670	434%	47%
Elsewhere	550	890	2,270	2,760	402%	22%
Total	4,140	8,030	13,170	15,795	282%	20%

with a view to determining if saturation is being reached, for example by examining wages in relation to the degree of outsourcing involved.

These Tables represent my best estimates – including recent press announcements and website information. The author is grateful to Invest NI for assistance in compiling these

data. The sector is undergoing rapid change and accordingly not all the data will be entirely up-to-date. If incorrect in any way please contact terry.morahan@hotmail.co.uk.

Note: only call centres with over 20 employees are included and figures are rounded to the nearest 10

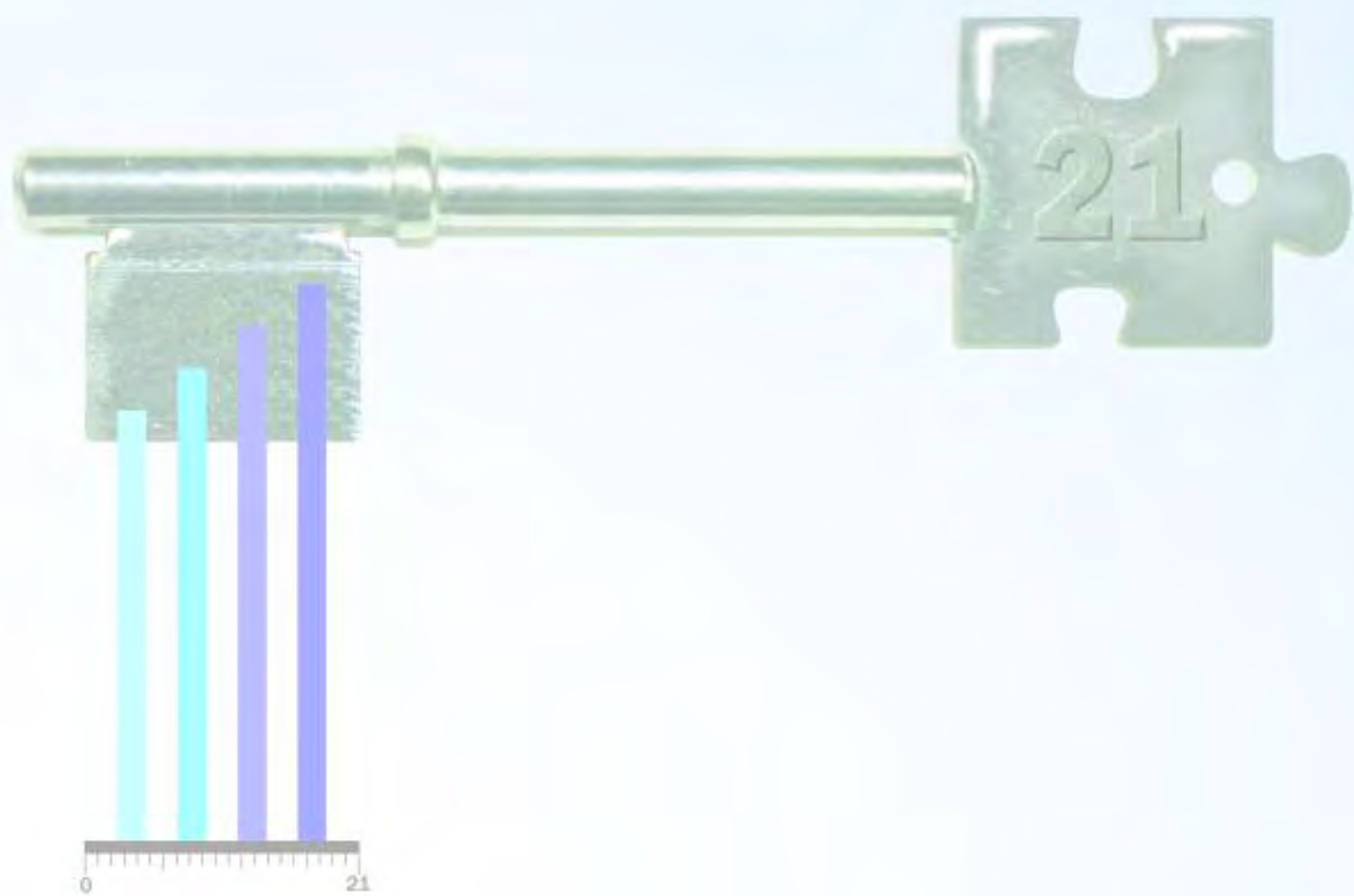
Table 3: Call Centre Employment by UK Region (2005)

Region	Call Centre Employment	Total Employment ('000)	Call Centre Employment (%)
South East	152,000	4,129	3.7%
North West	130,000	3,191	4.1%
Yorkshire & the Humber	93,000	2,382	3.9%
Scotland	93,000	2,542	3.7%
West Midlands	70,000	2,521	2.8%
London	48,000	3,724	1.3%
North East	47,000	1,164	4.0%
East Midlands	47,000	2,112	2.2%
South West	40,000	2,500	1.6%
East	30,000	2,727	1.1%
Wales	27,000	1,358	2.0%
NI	13,000	778	1.7%
Total	790,000	29,128	2.7%

Sources:

Call Centre Employment - UK Trade and Investment (www.ukinvest.gov.uk)

Population: Economic and Labour Market Review (www.statistics.gov.uk/elmr)



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