

The background is a solid blue color with several overlapping, translucent, light blue shapes that resemble stylized, curved architectural elements or perhaps overlapping pages. These shapes are positioned on the right side of the page, creating a sense of depth and movement.

Skills And The Northern Ireland Labour Market

5

- Article 18: [The Northern Ireland Labour Market](#)
- Article 19: [North-South Labour Market Comparisons](#)
- Article 20: [Public Sector Jobs](#)
- Article 21: [Moving People From Inactivity Into Work](#)
- Article 22: [Success Through Skills: The Northern Ireland Skills Strategy](#)

Article 18: The Northern Ireland Labour Market

Martin Monaghan - Statistics Research Branch - Department of Enterprise, Trade and Investment

INTRODUCTION

The Northern Ireland Labour Market has undoubtedly been experiencing a period of steady growth; the Quarterly Employment Survey periodically reports 'highest ever' levels of employee jobs and unemployment levels are at a historic low, with the current rate below the UK average. However, is Northern Ireland's labour market growth merely a reflection of a low starting point or does the growth mean that Northern Ireland is now mirroring the position recorded in the rest of the UK and Europe. This article looks at recent trends in the Northern Ireland labour market and compares its current standing against other UK regions and European countries.

EMPLOYMENT

There has been a steady growth in the number of jobs in Northern Ireland from the mid 1980s onwards and in the last 10 years alone the number of employee jobs in Northern Ireland rose by approximately 115,000 (+19.9%), an increase of over 10,000 per year. While on its own this increase seems very impressive (compared to the equivalent UK figure (+12.8%)), it could be argued that a large proportion of the rise in Northern Ireland employment levels was due to shifts in the Northern Ireland population structure and is not solely down to increased labour market participation within the population. That is, during the last 10 years the working age population in Northern Ireland increased by over 80,000 and the increased employment levels in Northern Ireland have only translated into a 4.8 percentage point increase in the working age employment rate. In contrast the UK rate showed a 3.0 percentage point increase and although the gap has narrowed slightly, the Northern Ireland employment rate still lags some 5.5 percentage points below the UK average and is joint lowest among the UK regions.

EMPLOYEE JOBS BY INDUSTRY

If we look in more detail at recent changes in Northern Ireland and UK jobs (Table 1), we see that during the last three years the proportional increase in Northern Ireland employee jobs (+3.6%) was almost double the equivalent increase in the UK (+1.9%). For both Northern Ireland and the UK the growth in jobs during the period was concentrated in the Service Sector, with the most noticeable differences between the performances of the two labour markets occurring in the largely private sector service industries of Real Estate, Renting & Business Activities and Financial Intermediation. For both of these industries, the proportional increase in Northern Ireland employee jobs (+18.0% for Real Estate, Renting & Business Activities and +8.2% for Financial Intermediation) was significantly higher than that shown in the UK (+6.8% and -3.2% respectively).

When we compare the current industry structure of employee jobs in Northern Ireland and the UK (see Figure 1), we see that the Wholesale & Retail Trade accounts for the largest proportion of jobs in both Northern Ireland (17%) and the UK (17%). However, the similarities in structure falter from there on. Whereas, the next largest industry in Northern Ireland is Health & Social Work (representing 16% of the Northern Ireland total), the equivalent industry share in the UK was 12%. An even more telling difference occurs in Real Estate, Renting & Business Activities, with this sector accounting for 16% of the UK employee jobs total compared to less than 10% in Northern Ireland. In fact Figure 1 shows a consistent trend of lower concentrations of Northern Ireland jobs in the largely private sector service industries¹ (Sections G - K) in comparison to the UK. In contrast, the industries that contain

high concentrations of public sector jobs (Sections L, M and N) are comparatively over represented in Northern Ireland. This stands to reason as it is well known that the Northern Ireland labour market is supported by a large number of public

sector jobs, with approximately one-third of all jobs in Northern Ireland being classified as public sector compared to one-fifth in the UK as a whole (see article 20 for further details). It is interesting to note that the predominantly

Change in Employee Jobs during last three years by Industry Section, Northern Ireland & United Kingdom

Table 1

	SIC 03 SECTIONS	NORTHERN IRELAND				UNITED KINGDOM			
		SEP-02	SEP-05	DIFF	% DIFF	SEP-02	SEP-05	DIFF	% DIFF
Agriculture, Hunting & Forestry & Fishing	A/B	14,200	12,940	-1,260	-8.9%	242,000	232,300	-9,700	-4.0%
Mining & Quarrying	C	1,880	2,050	170	9.1%	66,500	58,500	-8,000	-12.1%
Manufacturing	D	96,570	86,800	-9,770	-10.1%	3,558,300	3,108,200	-450,100	-12.6%
Electricity, Gas & Water supply	E	2,990	2,710	-290	-9.6%	129,500	104,100	-25,400	-19.6%
Construction	F	36,280	38,090	1,820	5.0%	1,151,200	1,233,800	82,600	7.2%
Wholesale and Retail Trade; Repairs	G	111,360	116,310	4,950	4.4%	4,551,100	4,600,400	49,200	1.1%
Hotels & Restaurants	H	40,710	41,850	1,140	2.8%	1,759,200	1,823,100	63,900	3.6%
Transport, Storage & Communication	I	28,780	28,630	-150	-0.5%	1,582,400	1,588,500	6,200	0.4%
Financial Intermediation	J	16,590	17,960	1,360	8.2%	1,114,800	1,079,100	-35,700	-3.2%
Real Estate, Renting & Business Activities	K	56,200	66,320	10,120	18.0%	3,983,900	4,253,000	269,200	6.8%
Public Administration and Defence	L	61,310	64,020	2,720	4.4%	1,432,900	1,537,300	104,400	7.3%
Education	M	66,710	68,710	1,990	3.0%	2,139,700	2,313,800	174,100	8.1%
Health & Social work	N	100,580	111,590	11,010	10.9%	3,033,400	3,307,400	274,000	9.0%
Other Service Activities	O	30,430	30,410	-20	-0.1%	1,391,500	1,400,500	9,100	0.7%
Service Sections	G-K	253,650	271,080	17,430	6.9%	12,991,400	13,344,100	352,800	2.7%
Service Sections	L-O	259,030	274,730	15,700	6.1%	7,997,500	8,559,000	561,500	7.0%
Total	A-O	664,600	688,390	23,800	3.6%	26,136,300	26,639,900	503,600	1.9%

Source: ONS, DETI Statistics Branch

private sector service industries (i.e. sections G-K), where Northern Ireland is comparatively under represented, recorded a significantly higher increase in Northern Ireland (+6.9% or 17,430 jobs) than in the UK (+2.7%).

In contrast Northern Ireland recorded a slightly lower proportional increase in Sections L-O. This would suggest some narrowing of the structural gap between Northern Ireland and the UK in terms of their industrial breakdowns. However, there is still some way to go and Northern Ireland must fulfil its potential for growth in private sector services, if it is to mirror the industry structure of the UK. The performance of private sector services in Northern Ireland will be key to economic and labour market growth in the upcoming years and ways to promote continued growth in this sector are at the forefront of government policy and are a central theme in the 'Economic Vision'.

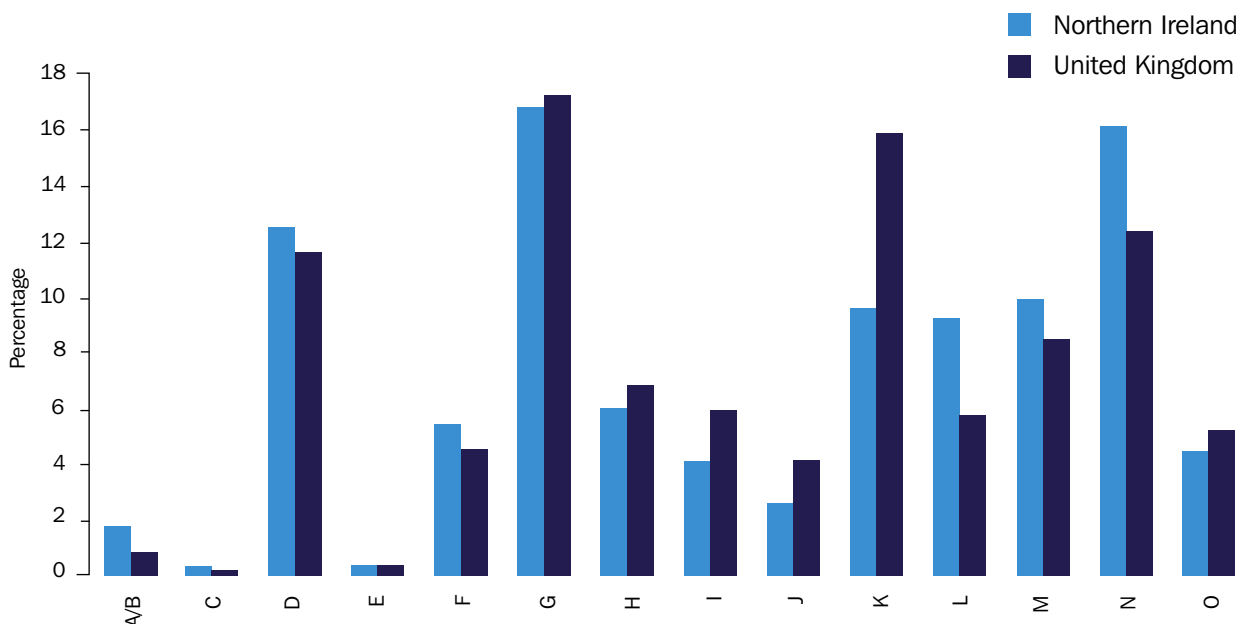
EMPLOYEE EARNINGS

The significant contribution of the public sector to Northern Ireland employment has already been noted, but the importance of the public sector to the Northern Ireland economy becomes even more apparent when we look at earnings data. Table 2 contains average earnings figures from the Annual Survey of Hours and Earnings (ASHE). It shows that at April 2005 public sector median weekly earnings for full-time Northern Ireland employees² (£489) were almost 44% higher than those for the private sector (£340). This difference was especially significant in female earnings (61%), but was also recorded for male earnings (43%).

When examining the difference between Northern Ireland and UK earnings, it is worth noting that while public sector median weekly earnings for Northern Ireland employees are slightly higher than those in the UK, private sector earnings in Northern Ireland are some 17.5% lower than

Composition of Employee Jobs by Sector, Sep 2005

Figure 1



Source : DETI Statistics Branch

those in the UK. Consequently, overall Northern Ireland employee earnings per week (£387.0) are over 10% lower than the equivalent earnings for their counterparts in the UK (£431.2).

EMPLOYEE EARNINGS BY UK REGIONS

Table 3 records employee earnings by UK region and shows that after the North East, Northern Ireland is the second lowest ranking region of the UK for full-time weekly earnings. It is interesting to note that while male earnings are the lowest of any UK region, only female employees in London, the South East, the East and Scotland earned more than their Northern Ireland counterparts. The different rankings for the sexes may be partly due to the high proportions of female employees in Northern Ireland that work in the public sector, thereby having on average a higher weekly wage (40% of female full-time employee jobs were in the Northern Ireland public sector, compared to 25% of male full-time jobs).

GENDER PAY GAP

The relative performance of male and female earnings in Northern Ireland is further demonstrated by the narrowing of the gender pay gap in recent years (see Figure 2). In 1998 the median hourly pay (excluding overtime) of female employees in Northern Ireland was only 85% of their male counterparts; however by 2005 this figure has risen to 96%. The earnings differential has also improved in the UK, albeit to a lesser extent, with the female : male ratio rising from 83% in 1998 to 87% in 2005.

Female earnings as a percentage of male earnings were consistently higher in Northern Ireland compared to the UK throughout the period, with the difference in 2005 much larger than the difference recorded in 1998. It is worth noting that the latest female : male hourly earnings ratio for Northern Ireland (96%) is the highest of all the UK regions.

Median gross weekly earnings for full-time employees in the public and private sector

Table 2

£ PER WEEK	NORTHERN IRELAND			UNITED KINGDOM		
	PUBLIC	PRIVATE	ALL	PUBLIC	PRIVATE	ALL
April 2005						
Male	532.0	371.3	409.5	522.8	457.1	471.5
Female	450.2	279.8	355.8	437.6	326.6	371.8
All Persons	489.0	340.0	387.0	475.7	412.0	431.2
April 2004						
Male	528.8	359.8	400.5	497.3	447.5	460.2
Female	435.5	273.8	334.5	421.9	319.0	356.7
All Persons	469.4	328.9	372.7	456.4	403.1	419.5

Source : ONS DETI Statistics Branch

United Kingdom Regions Median gross full time weekly earnings in April 2005 by gender

Table 3

	MALE	FEMALE	ALL PERSONS
North East	424.2	**330.6	**385.5
North West	446.7	**350.0	407.2
Yorkshire and The Humber	435.2	**339.8	399.3
East Midlands	450.0	**334.8	406.7
West Midlands	440.8	**345.0	402.5
South West	443.8	**340.2	401.0
East	476.8	356.7	428.7
London	619.9	491.8	555.8
South East	497.3	383.3	450.0
England	478.9	374.3	436.3
Wales	425.7	**334.8	389.9
Scotland	446.0	361.0	409.6
Great Britain	473.4	372.1	432.1
Northern Ireland	409.5	355.8	387.0
United Kingdom	471.5	371.8	431.2

** Indicates those regions where median earnings were lower than Northern Ireland.

Source: ONS, DETI Statistics Branch

WORKING AGE EMPLOYMENT RATES

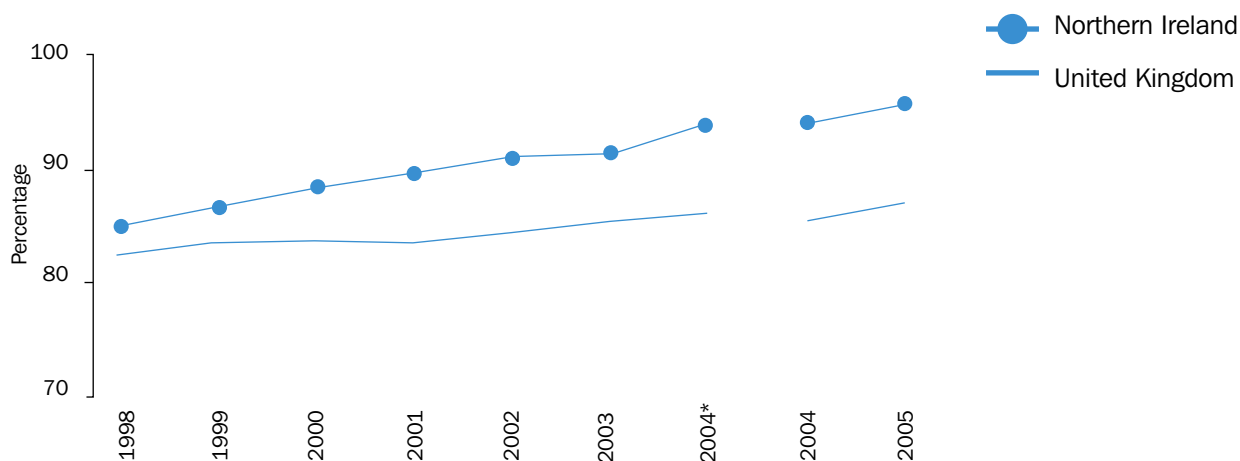
Although the gap in male and female hourly pay is now relatively small, a large difference still occurs between the employment rates of males and females in Northern Ireland, with the current working age employment rate for males (74.1%) over 10 percentage points higher than the female rate (63.9%). This difference between male and female employment rates has been a consistent feature of the labour market over time and although the difference in Northern Ireland rates is slightly larger than the equivalent difference in

the UK (9 percentage points) the gap is a common feature throughout the UK regions (see Figure 3). The lower female employment rates are largely due to the impact of family commitments during the prime working years and this effect on female employment rates is a common feature across Europe³.

A more challenging issue that can be detected from Figure 3, relates to Northern Ireland's position among the UK regions in terms of the overall working age employment rate. The

Full time median female hourly earnings excluding overtime as a percentage of male earnings

Figure 2



*Excluding supplementary information only collected for 2004 and 2005 ASHE data
Source: ONS, DETI Statistics Branch

proportion of the working age population in Northern Ireland, who are working (69.1%) is well below the equivalent figure for the UK (74.5%) and is joint lowest among the UK regions. The employment rates for Northern Ireland males and females also fall well below the UK average and are among the lowest of any region.

In order to put these figures in context, for Northern Ireland to reach the current UK employment rate an extra 56,000 people would need to be in work. What's even more striking is the fact that for Northern Ireland to equal the employment rate of the best UK region (the South East at 78.8%) an additional 102,000 people who are not currently working, would need to gain employment. This begs the question as to how we could achieve employment rates akin to the best UK regions and where these extra people would come from.

THE UNEMPLOYED

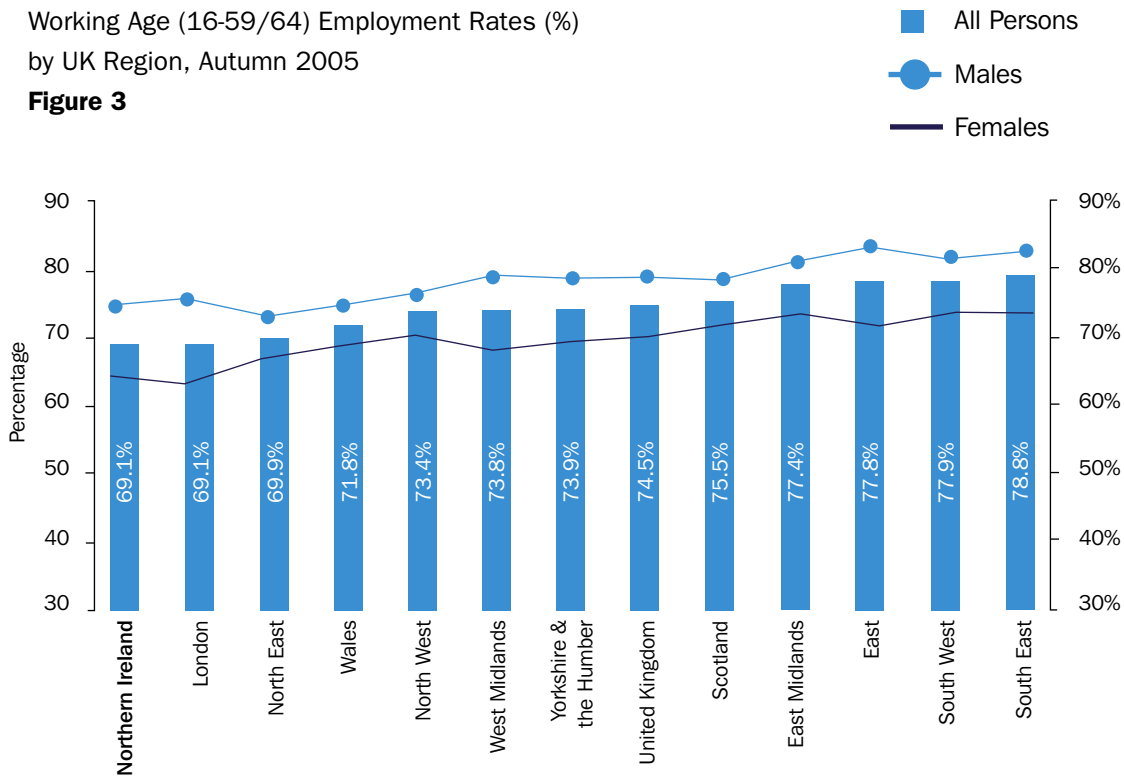
To be classified as unemployed a person must

be currently out of work, be actively seeking employment and be available to start work should they get a job. The number of people meeting this definition has been falling steadily in Northern Ireland in recent years, with the current number unemployed (36,000) less than half the figure recorded 10 years ago (74,000). However, during the last 18 months the dramatic falls in unemployment that were a feature throughout the 1990's have slowed and the unemployment rate has levelled off at a comparable low level. The Autumn 2005 Northern Ireland unemployment rate (4.6%) is below the UK average (5.0%) and compares favourably with the majority of European Union countries (see Figure 4).

It is debatable whether or not unemployment levels in Northern Ireland have reached the lows associated with their natural level or if the potential exists for further reductions. In any event a fall in the current level of unemployment is unlikely to make a significant dent in the jobs required to increase Northern Ireland's

Working Age (16-59/64) Employment Rates (%)
by UK Region, Autumn 2005

Figure 3



Source : ONS

employment rate to the UK average (56,000 required) and will fall a long way short of turning Northern Ireland into the most competitive region (a further 102,000 jobs would be needed if Northern Ireland was going to match the current employment rate for the South East).

THE ECONOMICALLY INACTIVE

The economically inactive are a group of people that are not working and for whatever reason are not available for work or are not actively seeking a job. It is often argued that this group contains a labour reserve that could be enticed back into the workforce and in that respect they represent a form of hidden unemployment.

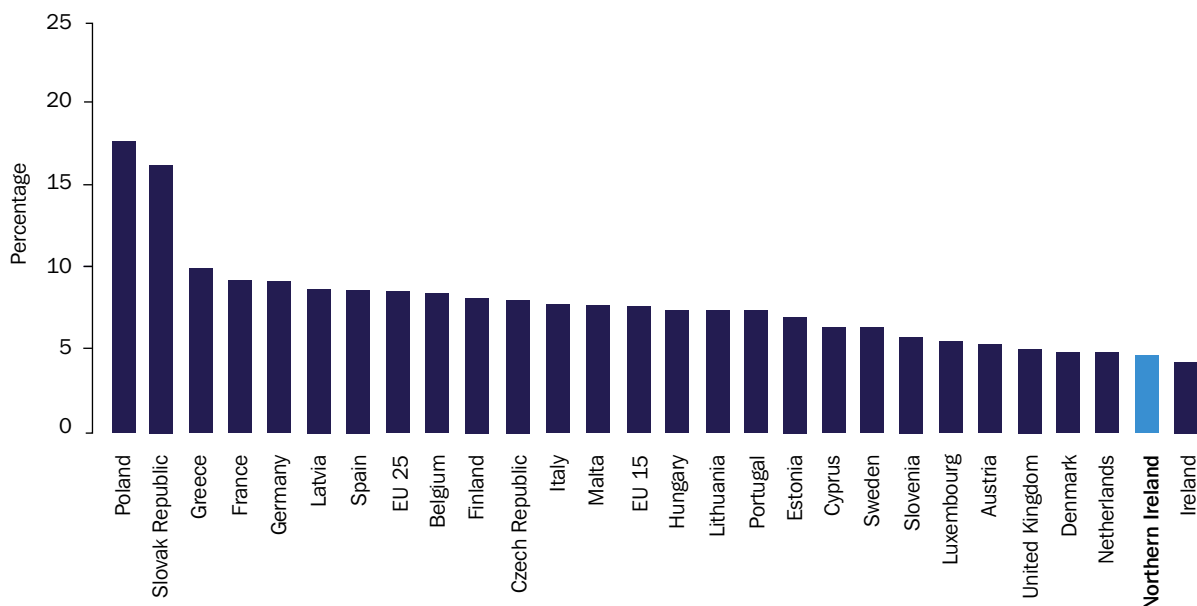
There are currently 289,000 economically inactive people of working age in Northern Ireland and this

equates to 27.4% of the working age population. Given Northern Ireland's low employment rate, it is not surprising that the Northern Ireland working age economic inactivity rate is the highest among the UK regions. The Northern Ireland rate is currently six percentage points above the UK average (21.4%) and this scenario has been a consistent feature of the Northern Ireland and UK labour markets over time.

It is possible to identify the main reasons that individuals give for being economically inactive and these reasons are summarised in Figure 5. The actual figures for Northern Ireland are compared to modelled figures for the UK and the South East (the best performing region in terms of labour market participation). The figures quoted for the UK and South East are based on the current

Unemployment Rates (%) for EU25 countries*

Figure 4



* Unemployment rates for most EU countries (but not for Northern Ireland or the UK), are calculated by extrapolating from the most recent LFS data using monthly registered unemployment data. A standard population basis of 15-74 is also used for these countries.

Source : ONS, Eurostat

concentrations of economic inactivity in each area applied to the working age population of Northern Ireland e.g. currently 6.3% of the working age population in the UK are economically inactive due to sickness or disability and when this figure is applied to the Northern Ireland population we get an estimate of 66,000. The results show that Northern Ireland's overall higher levels of economic inactivity are linked to proportionately higher numbers of people in the following three categories; economically inactive students, those who have family or domestic commitments and those that are inactive due to sickness or disability.

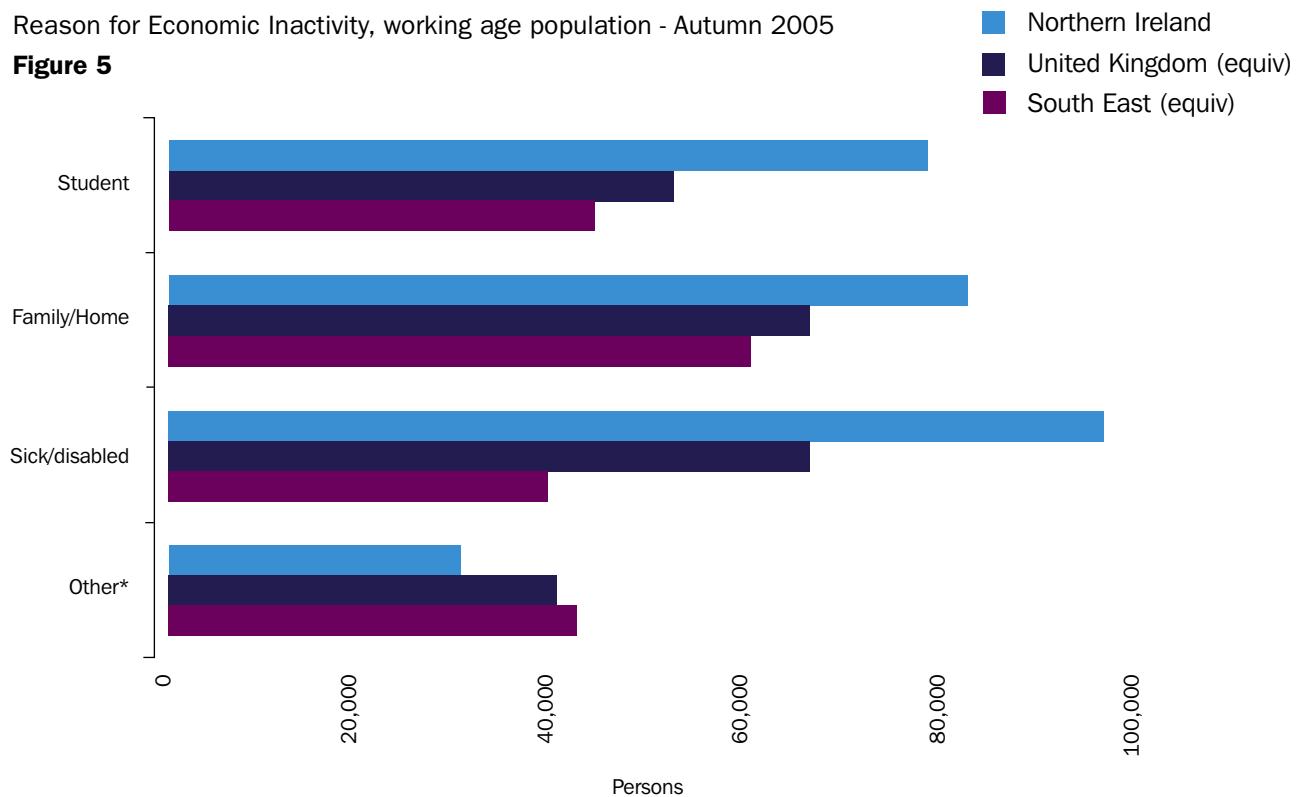
ECONOMICALLY INACTIVE: STUDENTS

In Autumn 2005, 78,000 people of working age in Northern Ireland were economically inactive

because they were continuing with their education or studies and this figure is 26,000 higher than the modelled estimate for the UK. While students are not usually considered a negative category of economic inactivity, the comparatively high levels of economically inactive students in Northern Ireland does warrant some explanation. Some of the difference in the levels can be attributed to the younger population structure in Northern Ireland (21.4% of working age population in Northern Ireland are aged 16-24, compared to 18.5% in the UK), however, a significant contributing factor to Northern Ireland's higher levels of inactive students surrounds the fact that while 38% of full-time students in the UK also have a job and are classified into employment rather than inactivity, the figure for Northern Ireland is much lower at 21%. The reason why such a comparatively low

Reason for Economic Inactivity, working age population - Autumn 2005

Figure 5



* Other includes retired, discouraged workers and no reason.

Source : ONS, DETI Statistics Branch

proportion of Northern Ireland students also work requires further investigation; it could be linked to anything from course type to the relative cost of living in each region. Nonetheless the low employment rate recorded by Northern Ireland students does have a substantial impact on the labour market. For example, if Northern Ireland students recorded an employment rate equivalent to the UK average an extra 15,000 would be in employment and this increase would rise to 20,000 if Northern Ireland students matched the employment rate of the South East.

ECONOMICALLY INACTIVE: LOOKING AFTER FAMILY/HOME

There are currently 82,000 working age persons (7.8% of the working age population) in Northern

Ireland that are economically inactive due to family or domestic commitments and this is some 16,000 higher than the comparative estimate for the UK. The vast majority of those inactive due to family or domestic commitments are female (approximately 90% in both Northern Ireland and UK), with 14.4% of the female working age population in Northern Ireland falling into this category (compared to 11.9% for the UK as a whole). Although Northern Ireland still has proportionately higher numbers of females who are inactive due to family or domestic commitments, the gap between Northern Ireland and the UK in this category has been narrowing in recent years (the current gap of 2.5 percentage points has fallen from a figure of 3.8 percentage points three years ago).

The potential exists for this trend to continue, as 14,000 of those economically inactive due to family or domestic commitments in Northern Ireland state that they want work, but are currently unavailable to take up a job. The proposed reforms to the welfare system⁴, which will include increased support for 'Lone Parents' and possibly the increased supply of childcare facilities, should assist Northern Ireland in making progress towards the UK average in this category. Currently 15.4% of working age households⁵ in Northern Ireland are lone parent households (compared to 13.5% in the UK), so the introduction of new policies to help increase labour market participation among lone parents is likely to have a more noticeable impact in Northern Ireland.

ECONOMICALLY INACTIVE: SICK OR DISABLED

The most noticeable difference in the proportionate levels of economic inactivity occurs in the 'Sick or Disabled' category. In Autumn 2005, 96,000 working age people in Northern Ireland stated that they were economically inactive due to sickness or disability and this figure is some 30,000 higher than the modelled estimate using UK proportions (66,000) and is over double the estimate using South East proportions (39,000). It is difficult to explain the high levels of sickness/disability in Northern Ireland; while the Northern Ireland levels compare very unfavourably with the UK and South East, the proportion of the working age population inactive due to sickness/disability in Northern Ireland (9.1%) is actually lower than that recorded in the North East of England (10.3%) and in Wales (9.4%).

Similar results for the UK regions are obtained by looking at the proportion of the working age population that are claiming Incapacity Benefit (IB). Figures from August 2005⁶ show that the

proportion of the Northern Ireland working age population claiming IB (10.7%) is close to the figure recorded in the North East (10.2%) and Wales (10.8%), but is significantly higher than the figure for GB (6.9%) or the South East (4.2%).

The large numbers of IB claimants within the population has not gone unnoticed by the Government, nor has the regional variation in claimant rates. Initiatives such as 'Pathways to Work' have been introduced in order to encourage claimants back into the world of work. The Department of Work and Pensions are also proposing reforms to the welfare system that will target a reduction of one million in IB numbers throughout the UK. These reforms will go some way towards re-dressing the regional imbalance in IB claimant rates and will no doubt have a significant impact on the Northern Ireland labour market. The ultimate effect of this policy change on levels of employment, unemployment and economic inactivity in Northern Ireland will be monitored closely over the next few years.

CONCLUSION

There is no doubt that the Northern Ireland labour market has shown encouraging signs of growth during the last decade. Employment levels are at record levels, having grown faster than the UK average and the unemployment rate in Northern Ireland has fallen to one of the lowest rates in Europe. However against this, the Public Sector still provides a disproportionately high level of support to the labour market and there has been no reduction in the economically inactive population of working age.

The significant reduction in unemployment in Northern Ireland has somewhat stolen the headlines in recent years and the fact that

Northern Ireland is the region with the lowest proportion of its working age population in employment is less well known. Therefore the major challenge for the Northern Ireland labour market in upcoming years will concern increasing the proportion of people in work and reducing the high levels of economic inactivity among those of prime working age.

Any successful outcome to this goal will undoubtedly encompass a range of factors. For example, the creation and continued supply of highly skilled, well paid jobs or less well paid Service Sector jobs to augment a growing economy would encourage some of the economically inactive to join the world of work. This however, will be very much dependent on economic growth and the ability of Northern Ireland companies to compete in the global marketplace. Likewise the proposed changes to

the welfare system will provide an incentive for Lone Parents and those on Incapacity Benefit to re-engage with the labour market - although new jobs would have to be created to meet this additional demand for work, if unemployment rates are to remain at their current levels.

These are only two of the factors that will assist in reducing economic inactivity levels. Other influences on the labour market such as skills levels, population structure, wage rates and benefit traps are equally as valid. One fact that remains undeniable is that the reductions in economic inactivity discussed earlier in this article, will need to be met with increases in employment levels and the creation of new jobs. Given Northern Ireland's current over representation of public sector jobs, it would appear that the expansion of the private sector is the only feasible solution to this.

¹ Private Sector Services refers to all private sector activity in industry sections G-O. The majority of all activity in Industry sections G-K is carried out by the private sector, whereas industry sections L-O have a more significant input from the public sector.

² All Annual Survey of Hours and Earnings statistics presented are for full-time employees only.

³ Figures from Eurostat show that in 2004 the employment rate for females aged 15-64 in the EU25 was 15 percentage points lower than the equivalent rate for males aged 15-64.

⁴ The Department for Work and Pensions published the consultation document 'A new deal for welfare: Empowering people to work' in January 2006.

⁵ Working age households are defined as any household that has at least one person of working age within it.

⁶ Figures for Incapacity Benefit claimants are sourced to the August 2005 benefits' publications from the Department for Social Development.

Article 19: North-South Labour Market Comparisons

Martin Monaghan - Statistics Research Branch - Department of Enterprise, Trade and Investment

INTRODUCTION

This article uses results from the Labour Force Survey (LFS) in Northern Ireland and the Quarterly National Household Survey (QNHS) in the Republic of Ireland to compare the performance and structure of the labour markets in the two countries. The information collected is broadly comparable due to the use of harmonised questions and International Labour Office (ILO) definitions in each country. The results are based on the Spring (March to May) quarters of each year to allow analysis over time.

THE LAST TEN YEARS: ALL GOOD NEWS? EMPLOYMENT

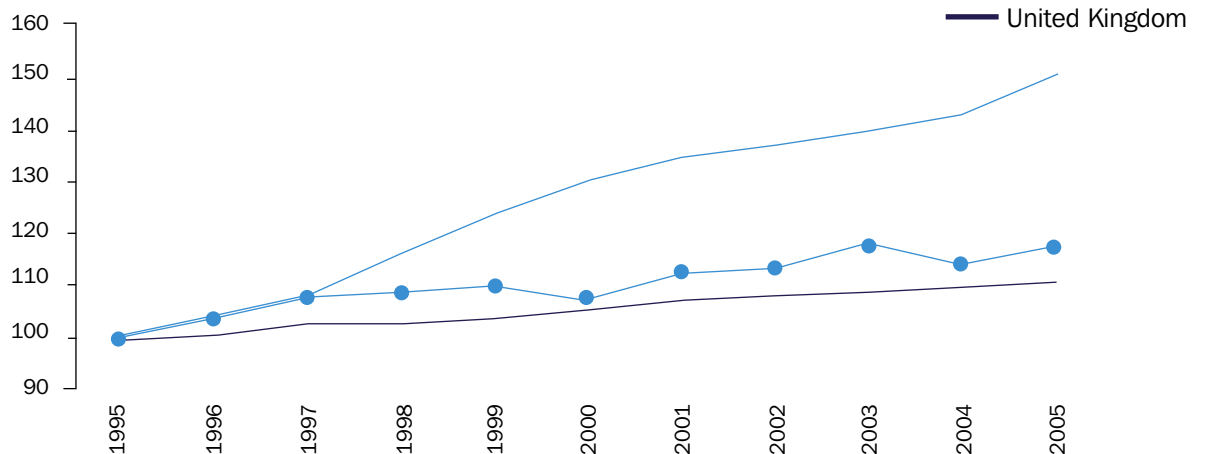
Employment levels in both Northern Ireland and RoI have experienced growth during the last 10 years, however the growth in RoI has far exceeded that in Northern Ireland or the UK (see Figure 1). Between 1995 and 2005, employment levels in RoI increased by 51%, with the increase in female employment (+70%) being significantly higher than that of males (+39%). In comparison Northern Ireland employment levels only increased by 17% during the same period, with the difference

between the increase in female (+19%) and male levels (+16%) less significant. Although well below the dramatic rise in RoI employment levels, the increase in Northern Ireland employment was still above the UK average (+11%) for the period.

The Service Sector was responsible for the majority of the rise in employment levels in both RoI and Northern Ireland, accounting for approximately 80% of the rise in RoI and over 90% of the increase in Northern Ireland. When we look at the proportional change in each industry section (Figure 2), we see that the RoI has outperformed Northern Ireland in all but two industrial sections - 'Agriculture & fishing' and 'Financial & other business services', which includes banking, business consultancy and labour supply agencies. In particular, employment levels in the RoI's 'Construction' (+151%) and 'Transport & Communication' (+107%) sections have more than doubled in the last ten years and these increases are significantly higher than the story for the Northern Ireland labour market (+23% and +30% respectively). It is also worth noting that while there was an increase of 11%

Trends in Employment (Index 1995=100)

Figure 1

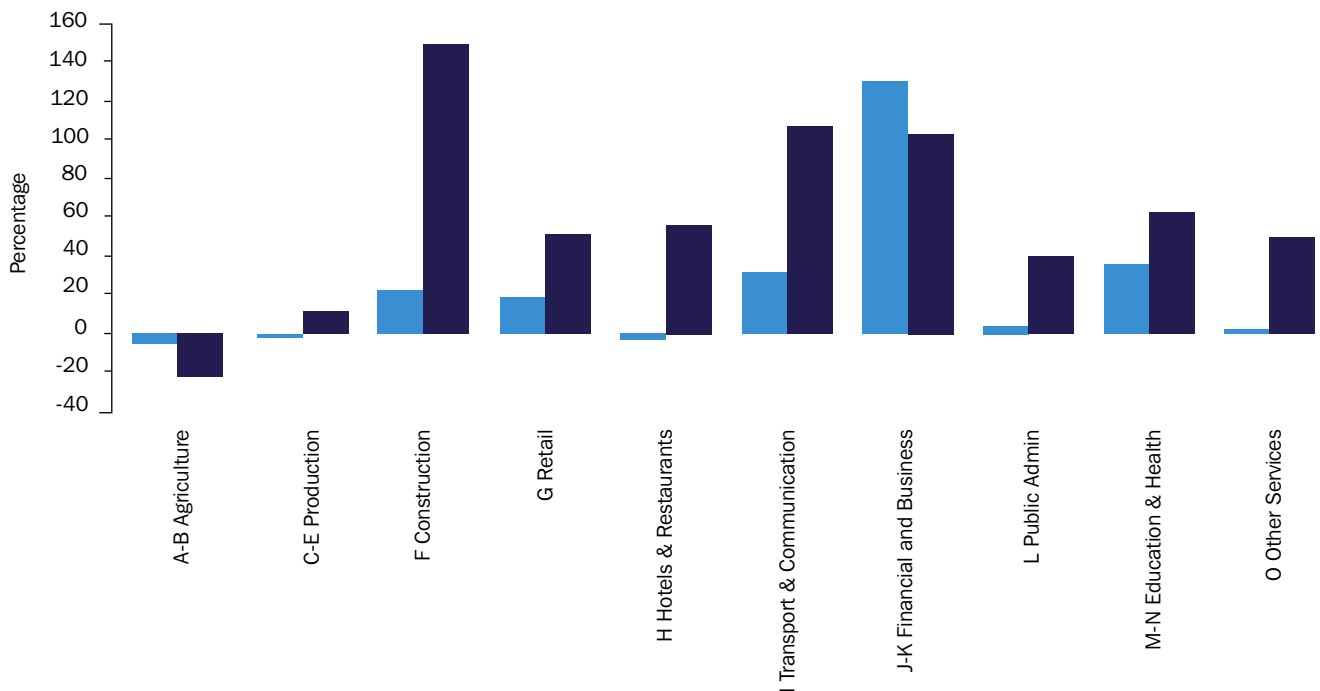


Source : ONS, CSO & DETI Statistics Branch

% Change in Employment 1995 - 2005 by Sector

Figure 2

■ Northern Ireland
 ■ Republic of Ireland



Source: ONS, CSO & DETI Statistics Branch

in 'Production' industries in RoI, a fall of 2% was recorded in Northern Ireland.

UNEMPLOYMENT

Unemployment¹ has been in decline in both Northern Ireland and RoI in recent years. Figure 3 shows how the unemployment rates for the two countries have been falling during the last decade. Both rates have fallen by similar amounts, however the fall in RoI was most dramatic in the years 1996 - 2000, whereas Northern Ireland has experienced a gradual reduction throughout the period. The Spring 2005 unemployment rates in Northern Ireland (4.6%) and RoI (4.2%) were well below the EU25 average, with the rate for RoI being the lowest of any EU country.

Long-term unemployment has also been in decline

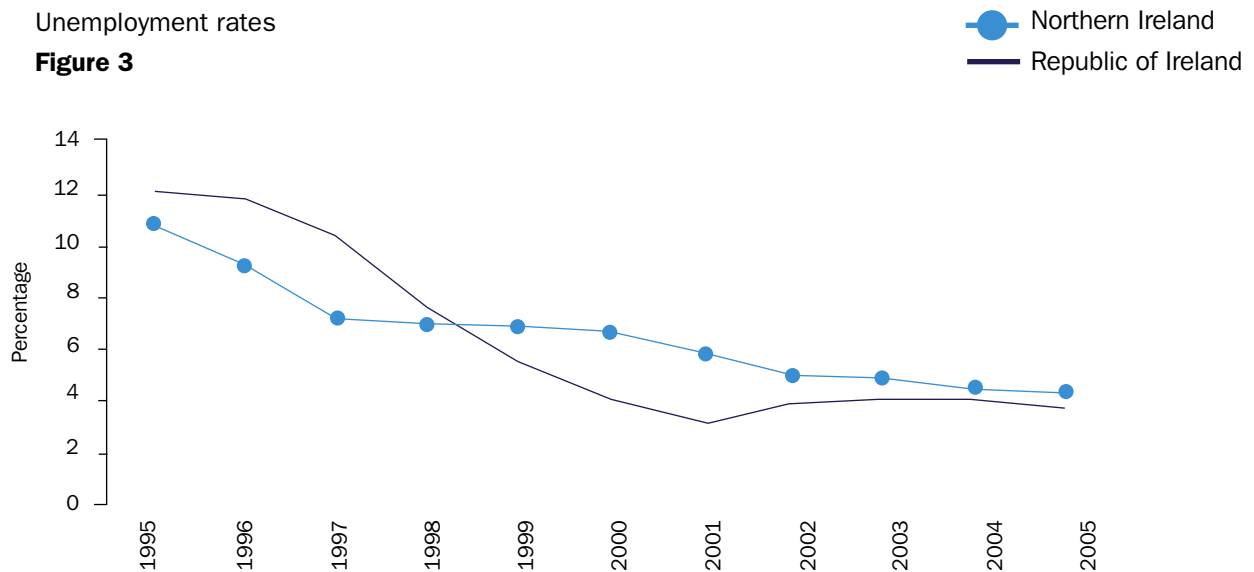
for both countries, with the proportion of the unemployed seeking work for one year or more in RoI falling from 58.2% in 1995 to 32.4% in 2005. Northern Ireland has recorded a similar trend, with the proportion falling from 61.3% in 1995 to 43.5% in 2005. For both regions the youth unemployment rate (i.e. those aged under 25) is significantly higher than the rate for all age groups, with the Northern Ireland youth unemployment rate 2.7 times the overall rate and the RoI youth rate 2.0 times the average. Both of these ratios have been increasing over time, with the increase in the Northern Ireland ratio more prominent.

THE LABOUR FORCE

For both Northern Ireland and RoI the large increases in employment have been greater than the reductions in unemployment and the labour

Unemployment rates

Figure 3



Source: ONS, CSO & DETI Statistics Branch

force or economically active population has consequently been rising. However, changes in the population structure of the two countries have led to increases in the working age² population and the potential labour supply for the two countries. The corresponding labour participation rates have therefore not seen such impressive rises as those recorded in the employment levels. Figure 4 shows how the working age economic activity rates for Northern Ireland, RoI and the UK have changed during the last ten years.

The activity rate in RoI has shown the most improvement during the period, increasing by 7.9 percentage points (from 65.1% in 1995 to 73.0% in 2005). In contrast Northern Ireland's working age activity rate has fluctuated in and around the low seventies throughout the last 10 years and the rate for 2005 (71.4%) was only marginally higher than the rate in 1995 (70.6%). The effect of these changes has meant that the RoI rate is now

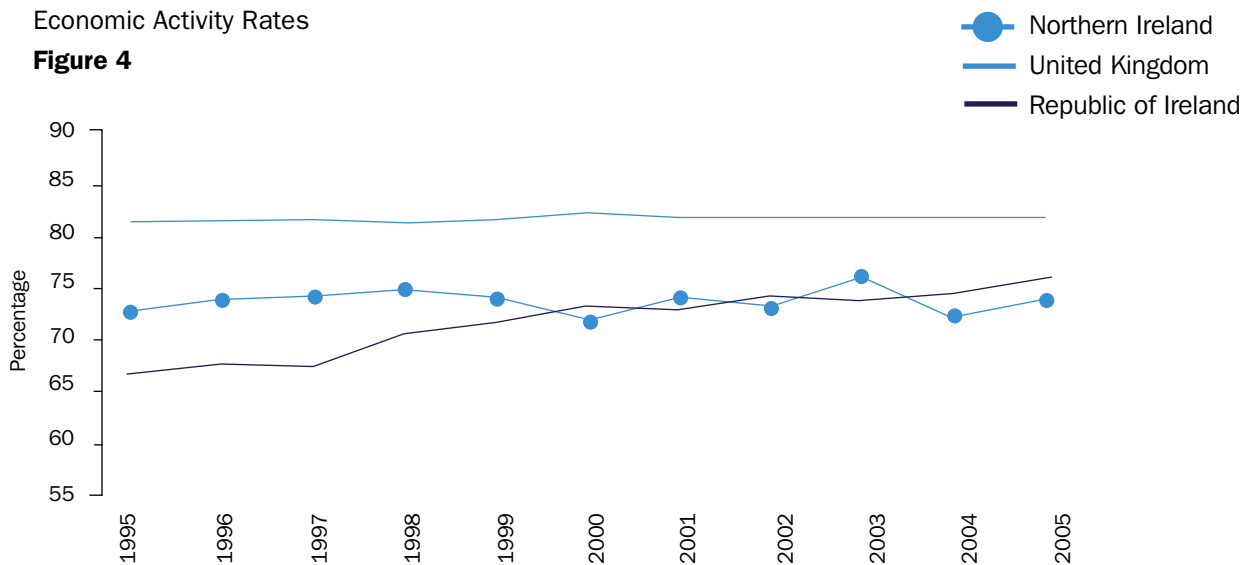
1.6 percentage points higher than the Northern Ireland equivalent, despite being 5.5 percentage points lower ten years ago. However, both rates remain significantly below the equivalent rate for the UK (78.2%), which has remained relatively static throughout the period.

THE ECONOMICALLY INACTIVE POPULATION

The economically inactive population comprise those people that are neither working nor actively seeking and available to start work. Between 1995 and 2005 the number of economically inactive people aged 16 and over in Northern Ireland increased by 7.7% (+39,000 persons), whereas the inactive population aged 15³ and over in RoI fell by 0.1% (-2,000 persons). The change in the total number of economically inactive people in both countries is affected by an ageing population structure and the associated increases in the number of retired persons. Therefore when examining the inactive population we usually

Economic Activity Rates

Figure 4



Source: ONS, CSO & DETI Statistics Branch

refer to the working age population (males aged 16-64 and females aged 16-59), as these are the key individuals with regard to labour market participation.

Table 1 shows how the working age economically inactive population in Northern Ireland and RoI has changed during the last ten years. Overall Northern Ireland has recorded an increase of 5%, whereas the numbers in RoI have fallen by 5% (due to the large employment gains recorded in RoI during the period). A large difference exists in both countries between the changes experienced by males and females of working age. While the number of inactive males in Northern Ireland increased by 18% during the ten year period, the number of inactive females in Northern Ireland fell by 2%. A similar difference between the sexes occurred in RoI, with the male inactive population increasing by 6% and the female inactive population falling by 10%.

For Northern Ireland, the overall increase in the working age inactive population was caused by increases in the number classified as sick or disabled (+29% or 23,000 persons) and in the number of students (+15% or 15,000 persons). However there was also a large fall in the number of females that were inactive due to family or home commitments (-15% or 15,000 persons).

In RoI the overall fall in working age inactivity was driven by a large reduction in the number of inactive females with family or home commitments (-19% or 68,000 persons). However, this fall was partly offset by a large increase in the number that were sick or disabled (+73% or 36,000 persons). It should be noted that despite this large proportional increase in the sick or disabled category, only 12% of the economically inactive population of working age in RoI were classified as 'sick or disabled', compared to one-third of the economically inactive in Northern Ireland.

Reason for Economic Inactivity (working age population)

Table 1

	NORTHERN IRELAND (000s)				REPUBLIC OF IRELAND (000s)			
	1995	2005	DIFF	% DIFF	1995	2004	DIFF	% DIFF
All Persons (16-59/64)								
Student	73	84	11	15%	246	251	5	2%
Family/Home	102	87	-15	-15%	358	288	-70	-20%
Sick/disabled	78	101	23	29%	49	85	36	73%
Retired	*	14	*	*	35	43	8	23%
Other	25	13	-12	-47%	68	53	-15	-22%
Total	285	299	15	5%	757	720	-37	-5%
Males (16-64)								
Student	33	41	8	24%	120	121	2	1%
Family/Home	*	*	*	*	6	4	-2	-39%
Sick/disabled	42	54	12	29%	38	56	19	50%
Retired	*	10	*	*	31	38	7	21%
Other	15	*	*	*	47	36	-11	-23%
Total	101	120	18	18%	242	255	14	6%
Females (16-59)								
Student	40	43	3	9%	127	130	3	2%
Family/Home	95	81	-15	-15%	352	284	-68	-19%
Sick/disabled	36	46	11	30%	11	29	17	150%
Retired	*	*	*	*	4	6	2	37%
Other	10	*	*	*	21	17	-4	-20%
Total	184	180	-4	-2%	515	464	-51	-10%

*Sample size too small for reliable estimates

Source: ONS, CSO & DETI Statistics Branch

CURRENT LABOUR MARKET STRUCTURES: HOW DO THEY MEASURE UP?

The first part of this article showed how the RoI labour market has been improving at a faster rate than Northern Ireland - but how do the current labour market structures of the two countries compare? The remainder of this chapter concentrates on the similarities and structural differences that exist between the labour markets for the North and South of Ireland.

EMPLOYMENT WORKING PATTERNS

Employment has been rising in both Northern Ireland and RoI and the employment rates at Spring 2005 for the two countries are within two percentage points of each other - with both of them above the EU25⁴ average rate. Figure 5 shows how the breakdown of employment by gender and work pattern is quite similar for the two countries, with only minor differences occurring between the proportions of male full-time workers (54% in RoI, compared to 51% in Northern Ireland) and female part-time workers (17% in Northern Ireland, compared to 14% in RoI). The usual hours worked per week are also similar for the two countries, with the Northern Ireland average for all persons (37.8 hours per week during Spring 2005), being slightly higher than the figure for RoI (36.9 hours). Males tend to work on average ten hours more per week than females in both Northern Ireland and RoI and this is largely due to the higher proportions of females that are working on a part-time basis.

SELF-EMPLOYMENT

Northern Ireland and RoI also display a similar pattern in regard to the importance of self-employment to the male and female labour markets. While approximately one-quarter of males

in employment are self-employed in both Northern Ireland and RoI, the figure for females is much lower in both countries (6% in Northern Ireland and 7% in RoI). It is also noticeable that despite the recent boom in employment in RoI, the number of self-employed persons has only increased by 8% during the last five years, compared to a 20% increase in self-employment in Northern Ireland during the same period.

INDUSTRY

The relative distribution of employment between industry sectors shows perhaps the starkest difference between the Northern Ireland and RoI labour markets (see Figure 6). The reliance on public sector employment in Northern Ireland is underlined by the fact that 35% of those in employment in Northern Ireland work in the Public Administration, Education or Health sectors, compared to just over one-fifth of the RoI workforce. Consequently RoI has proportionately more people employed in other service sector industries (45% in RoI compared to 37% in NI) and also has a greater proportion of people employed in the Production & Construction industries (28% in RoI compared to 23% in Northern Ireland).

AGE STRUCTURE

The population profile of Northern Ireland and RoI has an obvious effect on the age structure of those in employment. Consequently the younger age structure of the RoI population means that 44% of the workforce in RoI are aged under 35, compared to 39% of the Northern Ireland workforce. By looking at employment rates by age, we can concentrate more on the relative levels of labour market participation displayed by the various age groups in each country. Figure 7 shows how the employment rates for the age groups follow a similar pattern for Northern Ireland

Breakdown of employment by gender and full/part-time split

Figure 5

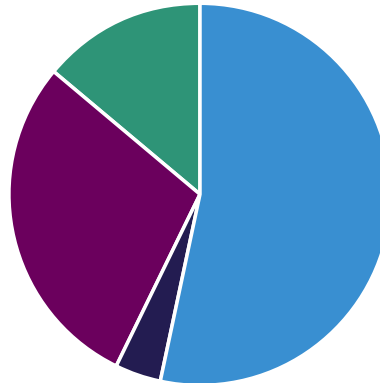
NORTHERN IRELAND

■ 51%	Male Full Time
■ 4%	Male Part Time
■ 28%	Female Full Time
■ 17%	Female Part Time



REPUBLIC OF IRELAND

■ 54%	Male Full Time
■ 4%	Male Part Time
■ 29%	Female Full Time
■ 14%	Female Part Time



Source: ONS, CSO & DETI Statistics Branch

and RoI. They start out at relatively low levels for the under 25 age group, reflecting the effect of continued education on this group; the rates then peak during the prime working years of 25-54 and finally tail off for the older age group as people head towards retirement age. In both countries the female employment rate is below that of the males and this reflects the impact of family commitments during the 'prime' working years.

It is noticeable from Figure 7 how the male employment rate for each age group in RoI is higher than the corresponding rate in Northern Ireland, with the difference especially large

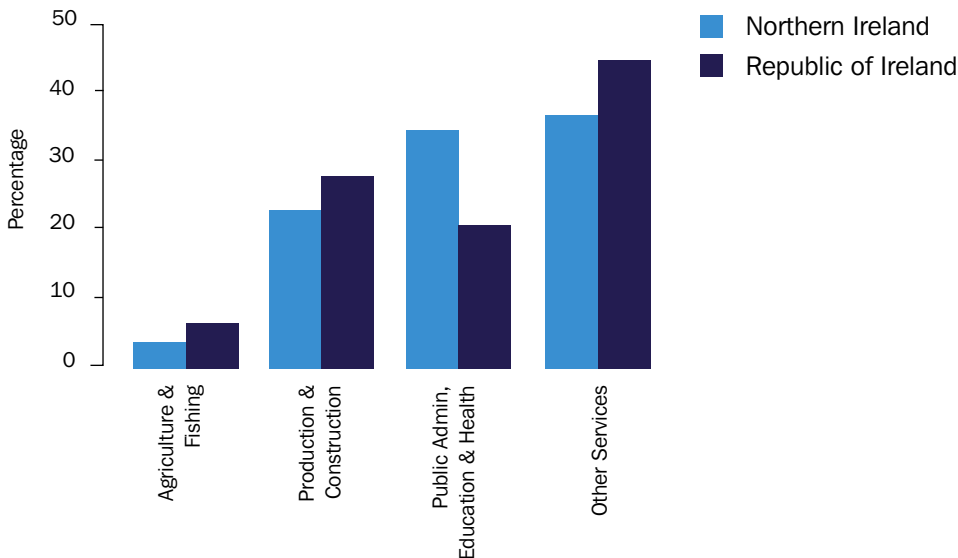
(8.6 percentage points) in the 45-54 age group. Conversely the overall working age employment rate for Northern Ireland females is marginally higher than the equivalent rate in RoI, with higher Northern Ireland rates for the prime working years of 25-54 causing this difference. Looking at the overall population we see that the RoI employment rates are higher than the Northern Ireland rates in each age group, although the differences are relatively small.

UNEMPLOYMENT

As mentioned earlier in this article, unemployment has been declining in both countries during recent

Employment Breakdown by Industry

Figure 6



Source: ONS, CSO & DETI Statistics Branch

years and the Spring 2005 unemployment rates in RoI (4.2%) and Northern Ireland (4.6%) are hovering at or close to their lowest ever levels. The concentrations of long-term unemployed in the two countries (43.5% and 32.2% of all unemployed persons in Northern Ireland and RoI respectively) still give cause for concern when compared with the current UK average (21.5%). However in general, unemployment is no longer seen as the major enemy in either country and the focus of attention is now moving towards the economically inactive population.

ECONOMIC INACTIVITY

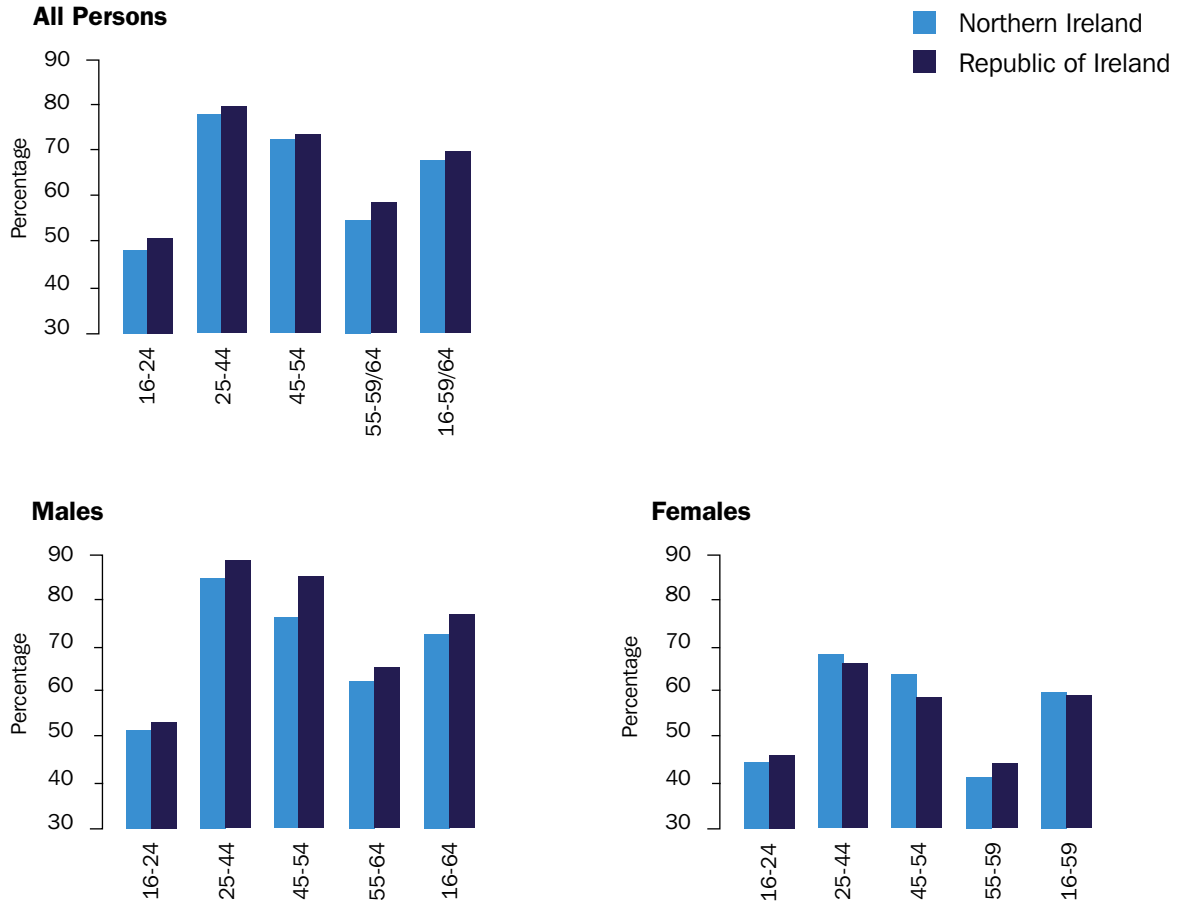
In Spring 2005, 28.6% of the working age population in Northern Ireland were economically inactive and this compares to a figure of 27.0% in RoI. Both of these inactivity rates were substantially higher than the rate for the UK of 21.8%. Figure 8 shows the main reasons why the economically inactive population are not

participating in the labour market and highlights the differences between the countries.

The largest group of economically inactive persons in RoI were those that were inactive due to family or domestic commitments. This group represented 10.8% of the working age population in RoI, compared to 8.3% in Northern Ireland and 6.3% for the UK. Some of the difference in these figures could be explained by the relative population structures of the countries and the varying levels of child care responsibilities placed on the working age population. However, the extent of this relationship would need to be examined in more detail. An interesting point concerning those economically inactive due to family or domestic commitments is that while females account for almost all (99%) of this group in RoI, the equivalent figures for Northern Ireland and the UK (93% and 92% respectively) are somewhat lower.

Employment rates by age, Spring 2005

Figure 7



Source: ONS, CSO & DETI Statistics Branch

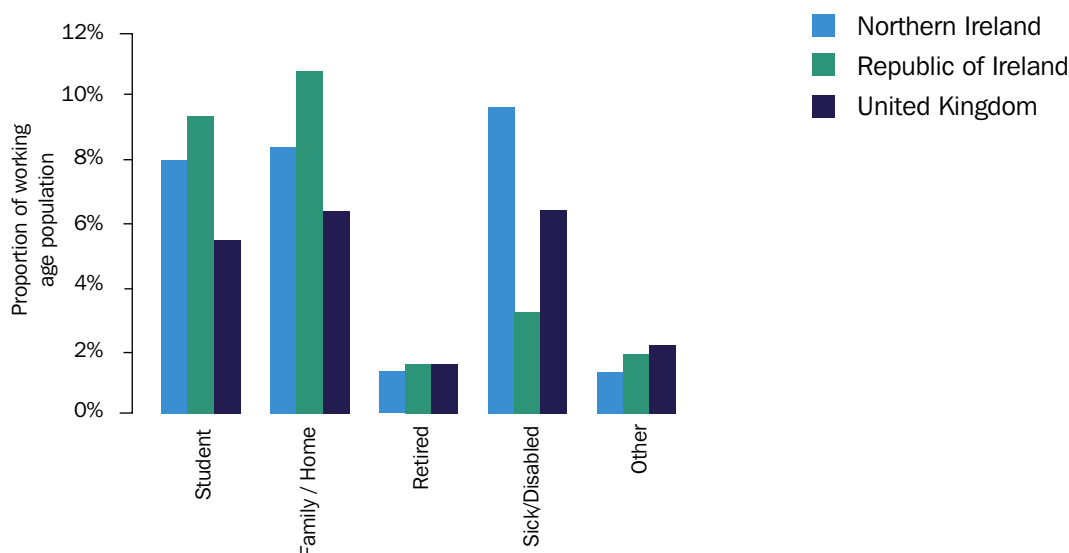
Both Northern Ireland (8.0%) and RoI (9.4%) also had relatively high proportions of their working age population that were economically inactive due to continuing education or studies (compared to a figure of 5.4% for the UK). The higher levels of economically inactive students in Northern Ireland and RoI are, once again, partly explained by the younger population structure in each country. In general, economically inactive students are not thought of as a particularly negative aspect of the labour market and are more often considered as

a positive investment towards a more qualified workforce in future years.

The proportions of the working population that are economically inactive due to sickness or disability show the largest variation between the countries and are much more difficult to explain. The proportion in Northern Ireland (9.6%) is 50% higher than the UK average (6.4%) and is three times the figure for RoI (3.2%). The difference between the Northern Ireland and RoI figures

Reason for Economic Inactivity, Northern Ireland & ROI Proportion of working age population

Figure 8



Source: ONS, CSO & DETI Statistics Branch

may be partly due to the classification headings used in their respective surveys i.e. the ROI classification refers to 'permanent sickness or disability', whereas Northern Ireland and UK use the heading 'long-term sick or disabled'. However, the large difference between the Northern Ireland and ROI proportions of 'sick or disabled' could also be linked to the respective benefit systems in operation in each country. More research is needed to resolve the underlying reason for this difference.

SUMMARY

The ROI labour market has enjoyed a period of strong growth during the last decade. Employment has grown by over 50% and the unemployment rate (4.2%) has fallen to the lowest among the EU25 countries. The Northern Ireland labour

market has also shown improvement during the last ten years, with employment increasing by 17% and unemployment falling to historically low levels. However, the growth in the Northern Ireland labour market has not matched that recorded in ROI and the working age participation rate in Northern Ireland (71.4%) is now lower than that for ROI (73.0%), having been 5.5 percentage points higher ten years ago.

Despite the rising employment levels, economic inactivity still remains relatively high among the working age population in Northern Ireland (28.6%) and ROI (27.0%). Potential therefore exists for the labour markets of the two countries to grow further and for inactivity levels to be reduced to at least the equivalent rate for the UK (21.2%).

¹ The International Labour Organisation (ILO) measure of unemployment refers to people without a job who were available to start work in the two weeks following their LFS interview and had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

² The working age population refers to ages 16 to 59 for females and 16 to 64 for males.

³ In ROI information is gathered on the labour market status of the population aged 15 and over, whereas information is gathered on those age 16 and over in Northern Ireland and the UK. This difference is related to the school leaving age in each country.

⁴ Eurostat produce harmonised employment rates based on the population aged 15-64. Figures for the end of 2004 record employment rates as follows: ROI 66.7%, Northern Ireland 65.0% and EU25 63.7%.

Article 20: Public Sector Jobs

Sean Donnelly - Statistics Research Branch - Department of Enterprise, Trade and Investment

INTRODUCTION

Over the past 18 months or so, DETI Statistics Research Branch has been involved in a UK-wide cross-departmental programme of work to improve the quality of public sector employment statistics. This work stemmed from a greater demand for good quality estimates of employment in the public sector. A number of government reviews flagged up the need for improvements, including the Atkinson Review of Measurement of Government Output, the Allsopp Review of Statistics for Economic Policymaking and the ONS's Employment and Jobs Review. In addition to this, the announcement of the government's efficiency programme in the 2004 spending review (pre-budget report 2004) also increased the need for more accurate, frequent and timely statistics to assess the workforce implications of this programme.

As a response, ONS made significant improvements to the coverage, accuracy, timeliness and frequency of their public sector employment statistics. In March 2005 improved statistics at UK level were published and for the first time quarterly estimates of public sector employment were made available on a full-time equivalent as well as headcount basis. Standard definitions for sources of public sector employment were agreed and a new Quarterly Public Sector Employees Survey (QPSES) in GB was also established during this period and, where specified, the tables in this article contain much of this newly available data along with Northern Ireland comparisons.

In Northern Ireland, DETI already had an established survey, the Quarterly Employment Survey (QES), which collected employee jobs statistics from all public sector bodies and

published these at an aggregated level on a quarterly basis. However, changes were required in order to implement, as far as possible, the standard definitions while maintaining a historical QES series and to collect information on full-time equivalents.

Article 1 showed some of the characteristics of the public sector workforce as well as highlighting differences compared to the private sector. This article expands on that and also provides a comparison of Northern Ireland and UK data with information on the trends in public sector employment over a longer time period as well as providing more detailed analysis of the latest statistics. It also utilises information from the Labour Force Survey (an alternative source of public sector employment from statistics provided by public sector organisations) to look at the characteristics of public sector employees and to provide GB regional estimates of public sector employment. HM Forces data are excluded from the UK and Northern Ireland series in this article. It should also be noted that the QES provides a count of the number of public sector jobs to maintain continuity with the historical series whilst the new GB survey collects data on a headcount basis.

TRENDS IN PUBLIC SECTOR EMPLOYMENT

Figure 1 shows the trend in public sector employment in Northern Ireland and UK since the early 1990's.

In the UK, public sector employment fell every year between 1991 and 1998 (reducing by 816,000 or 14% in total) whereas in Northern Ireland, there was comparatively little change over the same period (a fall of less than 4%). However, between quarter 2 1998 and quarter 2 2005 increases in

public sector employment in both Northern Ireland and UK have been broadly similar with rises of around 13% in each case (UK rose by 680,000 to stand at 5,846,000, 13.2 per cent higher than in 1998 and Northern Ireland rose by around 24,600 to almost 220,000, 12.6% higher than in 1998). It is worth noting that, for the UK, public sector employment in 2005 was still below the levels seen in 1991 and 1992.

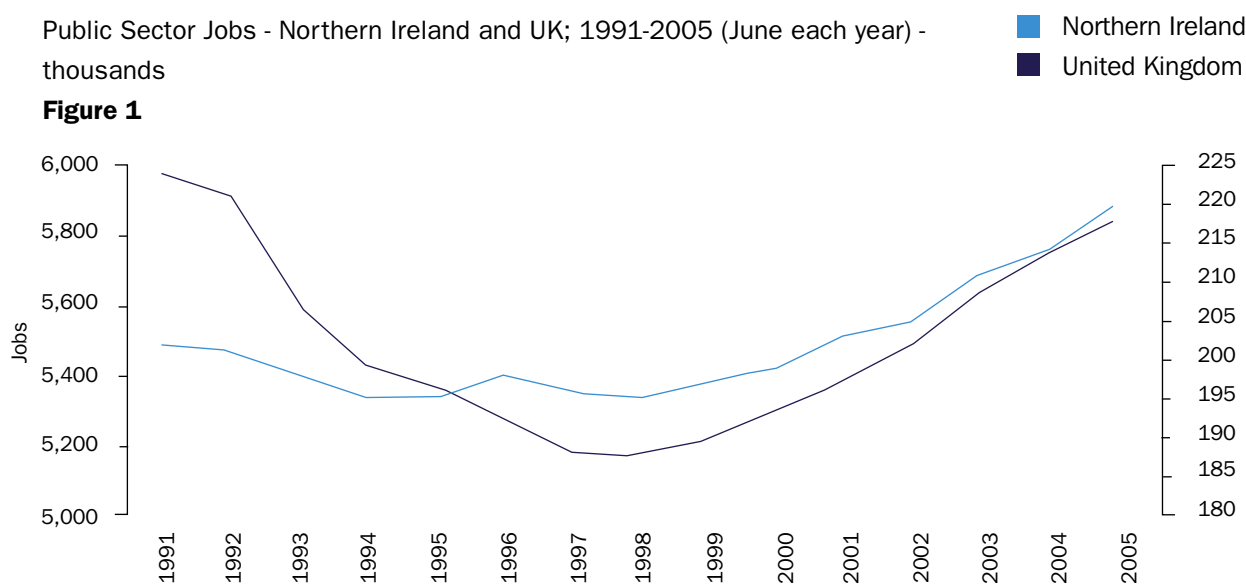
The overall upward trend in public sector jobs for Northern Ireland shown in Figure 1 hides reductions in the number of Northern Ireland Civil Service (NICS) jobs which have been achieved since April 2004 under the Fit for Purpose reform agenda (for information, the Civil Service accounted for approximately 28,000 jobs in June 2005). Under Fit for Purpose, the NICS is required to deliver reductions in excess of 2,300 posts by April 2008. However, these reductions are to come only from within areas funded directly from

the Northern Ireland block. Staffing figures within the remaining areas can potentially increase, thereby masking achieved reductions.

PUBLIC SECTOR TREND DATA BY BROAD SECTOR

It is also possible to look at public sector data for Northern Ireland and the UK in further detail to analyse where the main changes have taken place. Table 1 shows public sector data broken down by broad sector classification - i.e. by central government, local government and public corporation. 'Central Government' includes the 11 Northern Ireland government departments and any UK central government body operating in Northern Ireland and their Agencies; those working in the devolved administration; Non-Departmental Public Bodies; and any other non-market bodies controlled and mainly financed by departments (e.g. NHS Trusts). 'Local Government' are those types of public administration that only cover

Public Sector Jobs - Northern Ireland and UK; 1991-2005 (June each year) - thousands



Source: QES, DETI and QPSES, ONS

a specific locality (i.e. the 26 Northern Ireland District Councils and any non-market bodies controlled and mainly financed by them). 'Public Corporations' are companies or quasi-corporations controlled by either Central Government or Local Government. These companies receive more than half their income from the sales of goods or services into the market place (e.g. Royal Mail).

In Northern Ireland in 2005, some 90% of public sector jobs were classified as central government jobs, with approximately 5% in local government and 5% in public corporations. This is quite different when compared to the split in the UK

as a whole where public sector employment was comprised of 43% in central government, 50% in local government and 7% in public corporations.

However, comparisons are difficult due to the different structure between Northern Ireland and GB in terms of the responsibilities of central and local government and this can explain some of the apparent difference. For example, in GB many local authorities have responsibility (budgetary and staffing) for police and education in their local areas. Using June 2005 as an example, if we allocated all education (teaching and non-teaching) staff and police to Local Government rather than

Public Sector Employment by Broad Sector; 1991-2005 (June of each year) - thousands

Table 1

YEAR	CENTRAL GOVERNMENT		LOCAL GOVERNMENT		PUBLIC CORPORATION		TOTAL PUBLIC SECTOR	
	NI	UK	NI	UK	NI	UK	NI	UK
1991	173	1,998	9	3,073	20	600	202	5,671
1992	173	2,020	9	3,020	19	563	201	5,603
1993	172	1,991	9	2,789	16	531	198	5,311
1994	173	1,954	9	2,754	13	463	195	5,171
1995	175	1,917	9	2,759	12	454	195	5,130
1996	177	1,891	9	2,734	12	417	198	5,042
1997	175	1,861	9	2,728	12	368	196	4,958
1998	177	1,867	9	2,710	9	370	195	4,947
1999	178	1,876	10	2,741	9	374	197	4,991
2000	180	1,915	10	2,776	9	383	199	5,073
2001	183	1,994	10	2,777	10	396	203	5,167
2002	185	2,083	10	2,794	10	397	205	5,274
2003	191	2,184	11	2,837	10	394	211	5,415
2004	194	2,260	11	2,889	9	384	214	5,533
2005	199	2,323	11	2,929	9	383	220	5,636

Source: QES, DETI and QPSES, ONS

Central Government the proportion of public sector jobs in Northern Ireland in each classification would be as follows: Central Government (55%), Local Government (41%) and Public Corporations (4%). These proportions are much closer to the GB position.

PUBLIC SECTOR TREND DATA BY INDUSTRY

Table 2 shows public sector data broken down by industry.

Table 2 shows that, at June 2005, Health & Social Work is the industry which accounted for

the largest number of public sector jobs in both NI (around 69,000 or 31% of all public sector jobs) and in the UK (around 1.9 million people or 34% of all public sector employment). Indeed, there has been significant growth in the Health & Social Work sector (20% in NI and 16% in UK) in the five year period 2000-2005. Other noticeable trends include similar growth rates in public sector employment in both the Education and Public Administration sectors (around 8% in NI and 12% in UK) over the same five year period. However, when looking at the series over a longer period, there has been relatively little

Public Sector Employment by Industry; 1991-2005 (June of each year) - thousands

Table 2

YEAR	CONSTRUCTION		PUBLIC ADMIN (INCLU POLICE)		EDUCATION		HEALTH & SOCIAL WORK		OTHER PUBLIC SECTOR	
	NI	UK	NI	UK	NI	UK	NI	UK	NI	UK
1991	2	189	61	1,495	58	1,310	58	1,678	24	999
1992	2	172	60	1,505	57	1,287	58	1,679	24	960
1993	2	160	59	1,470	56	1,125	57	1,643	24	914
1994	2	153	58	1,437	56	1,100	56	1,638	23	844
1995	2	146	58	1,404	56	1,122	56	1,644	23	814
1996	2	135	59	1,396	56	1,122	57	1,644	24	745
1997	2	128	59	1,372	56	1,127	56	1,637	23	694
1998	2	122	58	1,356	56	1,137	56	1,637	23	696
1999	2	119	58	1,367	56	1,158	57	1,643	24	703
2000	2	116	59	1,371	57	1,214	58	1,667	24	706
2001	2	105	60	1,382	57	1,241	59	1,699	25	741
2002	2	90	60	1,419	58	1,250	61	1,754	25	761
2003	1	83	63	1,471	59	1,306	63	1,803	25	751
2004	1	83	65	1,500	57	1,342	66	1,877	24	730
2005	1	77	64	1,529	61	1,361	69	1,937	24	733

Source: QES, DETI and QPSES, ONS

change in the numbers in the Education and Public Administration sectors in both NI and the UK, whilst jobs in the Health and Social Work sector have risen considerably from 1991 to 2005.

PUBLIC AND PRIVATE SECTOR EMPLOYMENT

The chart below shows public sector employment as a proportion of all in employment for the UK and the number of public sector jobs divided by total jobs for NI.

Figure 2 shows that, at June 2005, some one in every three jobs in NI were in the public sector whereas the public sector accounted for only one in every five people in employment in the UK. The gap between NI and the UK has remained fairly constant in recent years with NI some 12 percentage points higher than the UK as a whole. Indeed, as Figure 3 shows, estimates produced by ONS of the proportion of public sector employment in the GB regions show that NI has the highest percentage across all regions.

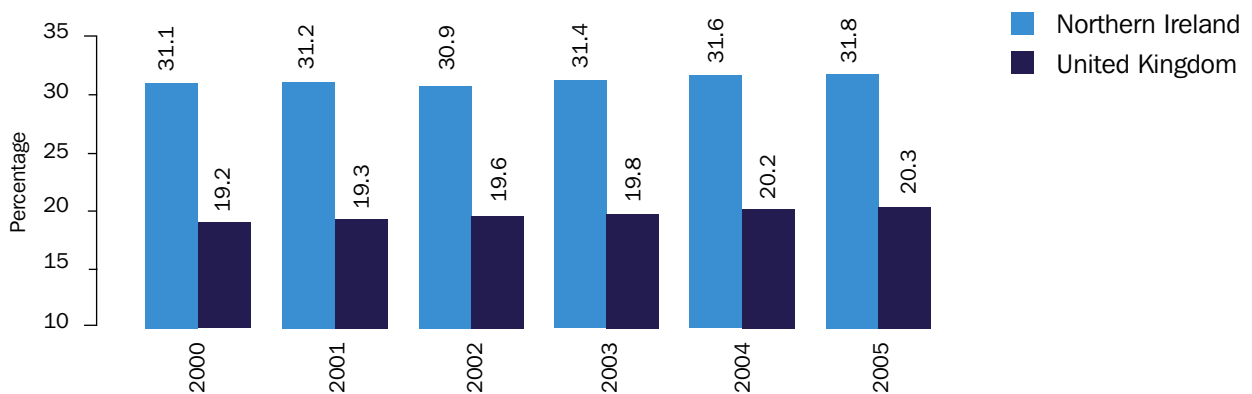
CHARACTERISTICS OF PUBLIC SECTOR WORKERS

A complementary source of public sector employment to the administrative and survey statistics from public sector organisations is the Labour Force Survey (LFS). The LFS is a large household survey carried out continuously across the UK, sampling over 50,000 households every quarter. The LFS gives the UK’s headline measure of the number of people in employment for the whole economy. However, like estimates for industry, it is not the preferred measure of the total number of employees in the public sector. This is because information from employers is considered more reliable for providing these figures.

The LFS overestimates the number of people working in the public sector (according to National Accounts definitions). It does this for two main reasons: firstly estimates of the number of people in the public sector are essentially derived from

Proportion of Jobs/ Employment in the Public Sector; Northern Ireland & GB Regions - June 2005

Figure 2



Source: QES, DETI and QPSES & LFS, ONS

respondents' views on whether they work for a private or non-private organisation; and secondly the way that the public sector is defined in the LFS differs to the National Accounts definition (for example GPs and further education staff are included). Despite this, the strength of the LFS when looking at public sector employment is that it gathers additional information about people's characteristics that might not be collected from public sector organisations. It therefore provides a wealth of contextual information about workers in the public and private sectors which cannot be ascertained from employers' sources.

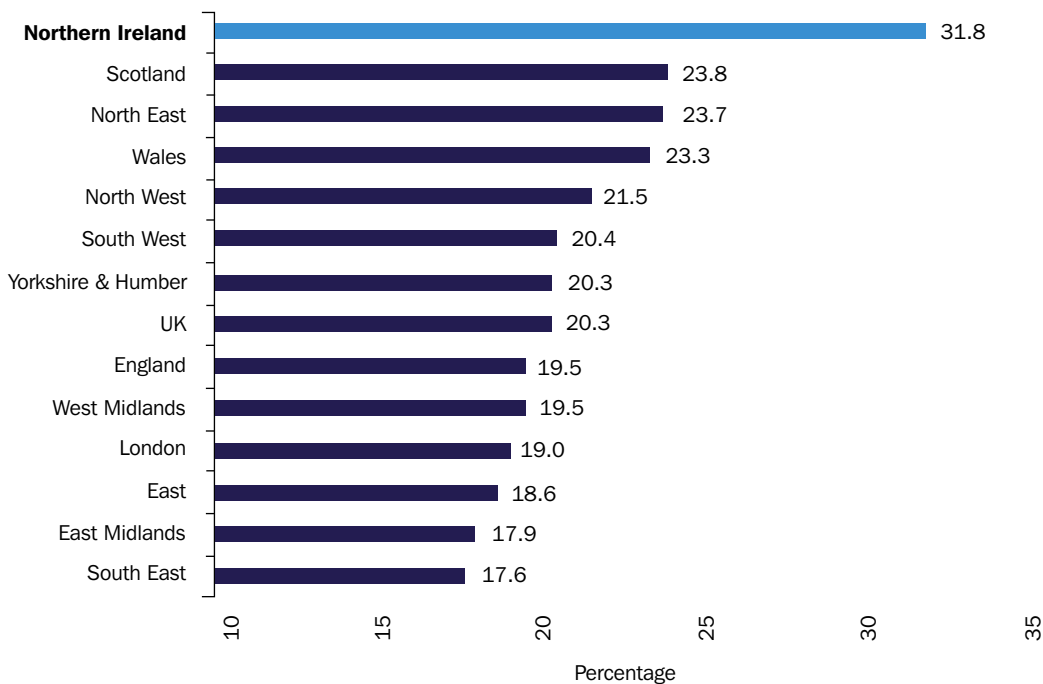
When broken down by sex, the LFS shows that the majority of public sector workers are female (62% of public sector workers in Northern Ireland were female in 2004 and almost two-thirds of public sector workers in the UK were female). In the private sector, the reverse is the case with

around 3 in every 5 private sector workers in both Northern Ireland and UK being male. The table shows remarkable similarity in proportions in each sector between Northern Ireland and the UK.

Table 4 shows that the vast majority of public sector workers were in the 35 to 50 and 50 and over age groups. These age groups accounted for around 68% of public sector workers in 2004 in Northern Ireland and 72% in the UK, with the 35 to 54 age group accounting for the largest percentage of public sector workers (45% Northern Ireland and 44% UK). The 16-24 year old age group represented only around 1 in every 12 public sector workers over this period in Northern Ireland. This compares with the private sector in Northern Ireland where almost 1 in every 5 workers was aged 16-24. The data for the UK in this age group shows similar trends. The table

Proportion of Jobs/Employment in the Public Sector; Northern Ireland & GB Regions - June 2005

Figure 3



Source: QES, DETI and QPSES & LFS, ONS

Proportion of Public and Private Sector Employment by Sex; 2004 (four quarter average)

Table 3

	MALE	FEMALE	TOTAL
Public			
NI	38.0%	62.0%	100.0%
UK	34.8%	65.2%	100.0%
Private			
NI	62.2%	37.8%	100.0%
UK	59.2%	40.8%	100.0%

Source: LFS, DETI and LFS, ONS

Proportion of Public and Private Sector Employment in Each Age Band; 2004 (four quarter average)

Table 4

	16 - 24	25 - 34	35 - 49	50+	TOTAL
Public					
NI	8.4%	23.8%	44.9%	23.0%	100.0%
UK	6.8%	21.1%	44.0%	28.1%	100.0%
Private					
NI	18.3%	24.8%	34.8%	22.1%	100.0%
UK	16.4%	22.1%	36.0%	25.5%	100.0%

Source: LFS, DETI and LFS, ONS

Proportion of Public and Private Sector Employment by Time Spent with Current Employer; 2004 (four quarter average)

Table 5

	LESS THAN 1 YEAR	1 YEAR BUT LESS THAN 2	2 YEARS BUT LESS THAN 5	5 YEARS BUT LESS THAN 10	10 YEARS BUT LESS THAN 20	20 YEARS OR MORE	TOTAL
Public							
NI	10.5%	6.9%	17.9%	14.9%	25.6%	24.2%	100.0%
UK	12.4%	9.2%	21.5%	16.8%	24.2%	15.8%	100.0%
Private							
NI	15.9%	11.1%	22.6%	17.3%	18.2%	14.9%	100.0%
UK	20.3%	12.3%	22.8%	16.8%	17.2%	10.6%	100.0%

Source: LFS, DETI and LFS, ONS

shows a slightly older workforce in the UK as a whole with higher proportions of both public and private sector workers aged over 50 compared to Northern Ireland and lower proportions in the 16-24 age band.

Table 5 shows that, in both Northern Ireland and UK, public sector workers tend to have a much longer job tenure with their current employer than their private sector equivalents. For example, almost half of all public sector workers had been with their current employer for 10 years or more compared to around a third in the private sector. A similar situation is true for the UK (40% public and 28% private) although the gap is less pronounced.

Interestingly, the proportion of workers who have spent 5 to 9 years with their current employer is similar in both the public and private sectors. The proportion who have been with the same employer for less than a year is over 5 percentage points less in the public sector than the private sector over the period (almost 8 percentage points in the UK). This may partly reflect differences in the age profile of public and private sector workers as outlined earlier.

SUMMARY

Employment in the public sector has been on an upward trend in both Northern Ireland and UK since 1998 with the majority of this rise in both cases occurring in the Central Government sector. Further analysis showed that, in both cases, the majority of these extra public sector workers were employed in the Health & Social Work sector.

Northern Ireland has historically had a much higher proportion of jobs in the public sector compared to the UK as a whole, and this gap has not narrowed markedly over the last five years. In fact, Northern Ireland has the highest proportion of public sector workers across all UK regions with the next highest region (Scotland) still some 7.5 percentage points lower at June 2005.

Complementary data from the LFS highlighted some interesting characteristics of public sector workers compared to their private sector counterparts as well as showing general similarity between Northern Ireland and the UK. Overall, public sector workers are much more likely to be female, aged 35 or over and have been with the same employer for a longer period compared to workers in the private sector.

Article 21: Moving People from Inactivity into Work

Patricia McAuley - Preparation for Work Group - Department for Employment and Learning

SUMMARY

The Government's welfare reform agenda began in 1998 with the introduction of New Deal in Northern Ireland 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 Northern Ireland in October 2005 and represents an attempt to assist those people who have ill-health or a disability and who are claiming Incapacity Benefit (IB) to re-enter the labour market. Recent Green Paper proposals for the UK as a whole will further target assistance to the economically inactive in receipt of benefit and DEL have already begun to review their provision to put us in a position to deliver this in Northern Ireland.

BACKGROUND - WELFARE REFORM AND THE IMPORTANCE OF WORK

The following Article (22) on DEL's new Skills Strategy makes the point that one of the key target groups for the Strategy comprises those currently excluded from the labour market, with a view to helping them develop the skills and confidence to equip them to work. This will continue the emphasis that began more than ten years ago following the introduction and development of active labour market policies in Northern Ireland as in the rest of the UK. People have a right to be able to compete in the labour market for work and helping them do so is one of the key responsibilities of government.

This change of emphasis began in 1995 with the introduction of Jobseeker's Allowance, and gathered pace in the late 1990s with the introduction of the New Deal, first for unemployed people and later for groups such as lone parents and disabled people. More recently, the

introduction of Pathways to Work pilots extends the help offered to those who are inactive due to sickness or disability.

Policy intervention in this area is predicated on the clear understanding that for most people and their families the best route out of poverty is work: this is at the heart of UK policies in this area and in a Northern Ireland context was adopted by the Northern Ireland Executive in 2001 when it published its first Programme for Government¹.

Increasing employment is not solely of importance to individuals - it is important for society as a whole. A high employment rate is a indicator of an economically healthy and wealthy society - and in this context it is worth noting that the UK Government has an aspiration of attaining a working age employment rate of 80%: at a national level some 5 percentage points higher than the current rate of 75%, and on this basis Northern Ireland has a long way to go - our employment rate is currently in the region of 69-70%.

HOW FAR HAVE WE COME?

We have already travelled a long way since the mid 1990s. Employment in Northern Ireland is up by more than 100,000 and has now reached some three-quarters of a million - the highest figure on record². At the same time, unemployment has fallen sharply - by up to 90% in some New Deal target groups. The claimant count unemployment rate currently stands at around 3%; and the Labour Force Survey unemployment rate, which is less susceptible to changes in levels of benefit claims - is now at a level of around 4.4%. Unemployment levels are not only low historically but also low by European and UK standards. So, in these two key aspects of employment and unemployment, the Northern Ireland labour

market is not only healthier than it has been in its history, but is also performing reasonably well in comparison with other areas. Evaluation evidence from New Deal both in Northern Ireland and from GB suggests that these programmes have contributed positively to the reduction in unemployment and the increase in employment³.

THE CHALLENGE - REDUCING ECONOMIC INACTIVITY⁴

Employment has risen and unemployment has fallen - but one factor in Northern Ireland has remained constant over the recent past: levels of economic inactivity have not changed much in Northern Ireland over a 20 year time period⁵. Between 1984 and the present, working age economic inactivity rates have varied mostly within a narrow band of 28%-30%: there is no falling trend. If increasing employment is to be achieved, then more economically inactive people need to be encouraged to take up work: the inactive represent a key source of potential labour and Northern Ireland inactivity levels at around 28% are considerably in excess of the UK average of around 21%. As unemployment has fallen, these stubbornly high inactivity rates indicate why policy attention has moved to this segment of the working age population. Furthermore, as economic inactivity also tends to be associated with deprivation and social exclusion, facilitating the transition of a proportion of the inactive into work is thus a key element in combating poverty.

Of course, the reasons behind economic inactivity are many and varied. The inactive population includes students, for example - accounting for more than a quarter of working age inactive in Northern Ireland. Students are investing for their future and they will make their contribution to society in years to come. Thus it would not

make sense to translate a desire to increase the numbers moving from inactivity into work into a squeeze on the student population. We should also take into account that many people's inactivity involves a degree of personal choice, for example to eschew paid employment in order to take on family or caring responsibilities, although even here decisions may be influenced by the availability of support such as childcare. However, we also know that a substantial proportion of the inactive - the figure varies between 10% and 20% according to the Labour Force Survey - actually want to work. This equates to a figure that is higher than the number of claimant unemployed. Furthermore, research suggests that, given the right circumstances (i.e. buoyant regional labour markets), inactivity levels are lower and people who might otherwise fit the profile of the inactive can be found in work⁶. What this means in terms of a policy response is that a high level of inactivity - particularly inactivity caused by sickness and disability - is a labour market as well as a medical issue.

Government has already responded to the increased need to focus on inactivity levels. For example, New Deal provision has been expanded to cover many of those who are economically inactive (e.g. the New Deals for Disabled People and for Lone Parents); new claimants in receipt of benefits other than JSA are being invited to work-focused interviews to see how they can be helped, if appropriate, into the labour market; and basic/essential skills initiatives have targeted those in most need of help - and we know that many inactive people have no or poor qualifications and are operating at low levels of literacy and numeracy. However to date these initiatives, although they have helped, have failed to impact significantly and it has become clear that more needs to be done.

INCAPACITY BENEFIT AND PATHWAYS TO WORK PILOTS IN NORTHERN IRELAND

On the whole people with sickness and/or disability in Northern Ireland have not shared in the growth of employment that has occurred over the past decade or so. While the number of people in work has been growing - and the number unemployed has been falling - the number claimants of Incapacity Benefit (IB) has been rising. The most recent published IB figures for Northern Ireland at the time of writing relate to August 2005, and these show that

- The number of IB claimants in Northern Ireland is more than 112,000⁷.
- This figure is around four times higher than the number of JSA claimants (currently around 28,000).
- This represents 10.4% of the working age population, compared to 6.7% in GB. IB levels in Northern Ireland are therefore high in a UK context, although similar to a number of other UK regions/nations (e.g. North East, Wales).
- The number of IB claimants has increased by more than 13% since February 1998, although the number of benefit recipients has fallen over the same period (by more than 6%).
- Of those receiving IB, the vast majority (89%) have been on the benefit for more than a year. Around half have been on the benefit for four years or more. Once on IB, especially beyond a few months, it is a difficult benefit to get off.
- There are considerable geographical variations in the rate of IB within Northern Ireland, ranging from 6% of the working age population in North Down DC area to 15% in Strabane DC area. North Down is the only DC area in Northern Ireland to be below the GB average rate.

Closer analysis of the medical conditions that

people have which lead to their claim to IB suggests that perhaps two-thirds have mild or moderate medical conditions that in favourable circumstances would be generally manageable and not necessarily result in exclusion from the workforce - although they could preclude the person from following their previous occupation.

This view is supported by an in-depth regional analysis of IB by Anyadike-Danes⁸. In addition, there are indications that the vast majority of people who move on to IB expect to get back to work at some stage - but the longer they stay on IB the more difficult it becomes to return to work. The 'chance' of obtaining work after having been on IB for more than 6 months drops to 50%.

This is the context in which DEL took the decision to operate Pathways to Work pilots as a way to best offer help and support to this group, with the objective of moving some IB claimants closer to the labour market and back to work. Pathways pilots have been running in GB since October 2003 in a number of areas: these pilots are currently being evaluated. The early indications are that the programme is operating effectively, with early results somewhat exceeding expectations⁹ and current GB plans are for expansion and extension. The development of Pathways to Work in Northern Ireland has also been informed by evaluation of previous work carried out here with this group, especially the introduction of a work-focused interview (WFI) regime for all working-age benefit recipients. The main characteristics of previous interventions were:

- They had minimal impact, with low uptake from the target group and correspondingly few moves off benefit and into employment.
- It was recognised that the impact of the work-focused interview regime was not maximised by timing this interview towards the beginning of a

claim for benefit: claimants understandably see sorting out of benefits and thus securing income as a priority at this stage.

- There was a general recognition that more support was needed for this group: they need more than advice and guidance but in addition help in particular areas, as well as training in some instances.
- There was a need for a better thought out partnership approach: Personal Advisers have specific skills, but cannot hope to adequately cover the range of help required by clients. Therefore it became imperative to develop partnerships with those organisations that can help. Given that members of the client group will have a range of medical conditions, links with the medical profession and organisations delivering healthcare were identified as being key.
- Finally, it was acknowledged that there was a need to change attitudes and perceptions. These included attitudes of clients themselves, to encourage them to have more confidence in approaching the labour market; attitudes amongst employers; and attitudes amongst DEL's own staff.

Learning from these lessons, Pathways to Work was introduced on 3 October 2005 in three pilot areas in Northern Ireland: Ballymoney, Lurgan and Magherafelt. Initially, the pilots covered fresh claims for IB, but from April 2006 this was extended to include those claiming for up to two years in the pilot areas. During 2006/7 Pathways will be rolled out to nine or ten other offices in Northern Ireland to cover around one-third of new claimants.

In the pilot regime, the initial work-focused interview (WFI) takes place at week 8 of a benefit

claim, thus allowing time for benefit issues to be addressed and also in recognition of the fact that a proportion of new claims (especially those with acute rather than chronic conditions) will sign off anyway in the early stages of a claim without the need for any intervention⁴⁰. A certain proportion of claimants are exempt from 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 are not required to attend. However, the initiative is available to these groups on a voluntary basis.

Once clients enter the WFI 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 are 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 will be voluntary. Key features of Pathways are:

- Improved and enhanced work-focused interview regime
- New role for specially trained Personal Advisers
- Better Use of Medical Information
- Work-focused health rehabilitation programmes and condition management 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.

The aim of the Pathways pilots is to put into place a comprehensive package of support measures to help sick and disabled clients consider work

where this is possible. Monitoring and evaluation procedures have been put into place to ensure that this is tested appropriately.

NEXT STEPS

In January 2006 the UK government published a Green Paper on the next steps in welfare reform “A new deal for welfare: Empowering people to work”¹¹. This looks at moving provision forwards for key economically inactive groups - those ill and disabled; lone parents; and older workers. As many of the proposals link to key benefits - and for older workers, to the state pension, both of which operate at a UK-wide level - the shape of the final proposals will have implications for Northern Ireland. As yet, we do not know precisely what they will be, but it is likely that that will contain the following features:

- **Helping People with Sickness or Disability.**

The Pathways to Work pilots discussed above represent our first real attempt to meaningfully engage this group. Green Paper proposals suggest that this will be built on by developing a tailored strategy to maximise the number of people who stay in work rather than enter sickness-related benefits in the first place; and then by seeking to offer more help to the group who do claim benefit but who could be guided back towards employment. It is also clear that the barriers that sick and disabled people face will differ very much from person to person: therefore an individualised approach will be a necessity, and will include the input of a range of providers: this philosophy is already being developed under Pathways as detailed above.

- **Helping Lone Parents.** The New Deal for Lone Parents has been in place since 1998. This has been backed up in Northern Ireland as, for example, the Secretary of State has

announced plans for a new drive to deliver access to high-quality, affordable childcare to help those bringing up a young family enter or return to work¹². Green Paper proposals suggest extending the current interview regime and developing other mechanisms to help people back to work, for example in the future a work-related activity premium, which will be available to lone parents and encourage them to take active steps to return to the labour market.

- **Helping Older Workers.** Employment rates begin to drop off for older workers aged over 50 and especially over 55, and with an ageing workforce over coming decades this represents a significant challenge at both the UK and regional (including Northern Ireland) levels. Many older people will stop working due to sickness or disability, and the proposals listed above will impact on this group. However structural changes to the UK pension systems (both state and private) will also impact on this area and there will be an increasing need to develop effective labour market interventions for this group.

The detail will be important - but we can already be reasonably sure of the general direction that future responses will take. This allows us to plan for them, and DEL’s response to date has been to prepare along two lines:

- **Developing a menu-based approach** - Building on New Deal (BoND). The current set of New Deal programmes (and of Pathways to Work) recognises that people need different forms of intervention and assistance dependent on their needs and taking into account the skills and experience that they already have. However, the options that people take up are still overly dependent on their benefit status and tend to

be organised as “programmes” - and as with all programmes there is a risk of a “one size fits all” approach developing. The role of the Personal Adviser (PA) in New Deal and Pathways is to work with the individual and help them to choose the appropriate training or other form of help. It is envisaged that BoND will take this a stage further with PA’s able to choose from a menu of different provision from a range of providers. The precise nature of BoND will depend on the final legislative framework around welfare reform (see above) and will also depend on the availability of resources. Although no firm date has been set for the introduction of BoND in Northern Ireland we aim to introduce it in line with developments in GB.

• **Reviewing the front-line and Personal Adviser**

Service. The Personal Adviser Service is the bedrock on which New Deal is built. Evaluations have shown that effective PA delivery is essential to the success of interventions in this area. The PA service has grown and developed

considerably since its introduction in 1998, but it has tended to do so incrementally. There are currently PA’s who deal with particular types of clients or who deal with particular programmes. In addition, there is the established service developed within the Disablement Advisory Service. These different PA’s work together, but following an examination of the role of PA’s within DEL it has been decided to review the front-line service with a view to developing a more integrated, coherent service. This will be able to deliver a service where the help given will depend on the needs of clients - and specifically their distance from the labour market - not the benefit they are receiving. In this way the new frontline service within DEL working with the Social Security Agency, will be in a position to meet the new demands placed on it by any changes in legislation which will further widen its client base. Consequently, we will be in a stronger position to help more people into work.

¹ Northern Ireland Executive Programme for Government 2001-2004.

² Labour market statistics in this article are taken from DETI’s on-line Labour Market Statistics www.detini.gov.uk.

³ See evaluation reports on New Deal within Northern Ireland published by DEL (www.delni.gov.uk) and on New Deal in GB from DWP (www.dwp.gov.uk).

⁴ Much of the following two sections is based on Russell, J (2005) “Pathways to Work Pilots - the next stage of welfare reform in Northern Ireland” Labour Market Bulletin 19. Department for Employment and Learning, Belfast www.delni.gov.uk.

⁵ Rogers, D (2004) “Economic Inactivity” Labour Market Bulletin 18, Chapter 8. Department for Employment and Learning, Belfast www.delni.gov.uk.

⁶ See, for example, Armstrong, D (2004) “Hidden labour Reserves in Northern Ireland” Labour market Bulletin 18, Chapter 5; Anyadike-Danes, M (2005) “Regional Variations in Labour Market Outcomes for the Disabled: What can we learn from the Labour Force Survey?” Labour Market Bulletin 19, Chapter 17. Both available from www.delni.gov.uk

⁷ All IB figures are from the Department for Social Development www.dsdni.gov.uk/incap_feb05.xls . JSA figures are from the Department for Trade and Investment www.detini.gov.uk.

⁸ Anyadike-Danes, op cit.

⁹ DWP have placed early results from Pathways analyses in the public domain. See, for example www.dwp.gov.uk/pub_scheme/2005/mar/pdfs/ib_where_we_have_got.pdf.

¹⁰ In fact, the moving of the WFI to week 8 has taken place in respect of all fresh claims for IB from 3 October, not just in the pilot areas. This is partly because it has been recognised that this approach would be useful for all new claims, but it also renders any evaluation of Pathways easier as it removes a potential source of variation between pilot and non-pilot areas.

¹¹ Available from the DWP website at www.dwp.gov.uk/aboutus/welfarereform.

¹² Speech by Peter Hain, Secretary of State for Northern Ireland, 21 September 2005. See www.nio.gov.uk/grasping_the_opportunity_investing_in_our_future.pdf.

Article 22: Success Through Skills: the Northern Ireland Skills Strategy

Heather Stevens - Skills and Industry Division - Department for Employment and Learning

SUMMARY

The Government's aim is to enable people to progress up a skills ladder in order to raise the skills level of the whole workforce; to help deliver high productivity and increased competitiveness; and to secure Northern Ireland's future in a global marketplace. The Skills Strategy sets out how the Department for Employment and Learning (DEL) will take these proposals forward in partnership with employers and their representative bodies; individuals and trade unions; training and education providers; the community and voluntary sector and other Government departments and agencies in order to deliver on a long term vision for skills in Northern Ireland. The article also gives detail on the establishment of a Skills Expert Group to advise DEL and other government partners on skills issues and to develop a regional Employment and Skills Action Plan.

BACKGROUND

In 2004, DEL began the process of developing a Skills Strategy to ensure that it was relevant to the changing labour market - in Northern Ireland and in the wider world - and to reflect the new direction reflected in the Government's Economic Vision for Northern Ireland¹ 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 compete effectively in the labour market is an essential plank of the Government's strategies to help those at most disadvantage.

Progress on updating the Skills Strategy was

outlined in last year's Economic Bulletin² and also in DEL's Labour Market Bulletin³. Following extensive consultation, the implementation plan for the new Skills Strategy⁴ was formally launched by the Minister for Employment and Learning, Angela Smith, on 28th February 2006.

VISION AND AIM OF THE SKILLS STRATEGY

The articles in last year's Economic and Labour Market Bulletins clearly articulated why a new Skills Strategy for Northern Ireland was needed: in brief, despite strongly growing employment and evidence of rising skills levels in the workforce, it is clear that Northern Ireland faces a number of challenges including a decline in "traditional" jobs (e.g. many of those in manufacturing); the realisation that future job growth will lie chiefly in high skills areas; and the existence of a significant pool of working age people with poor skills.

The Vision for Skills thus sees Northern Ireland 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. An entrepreneurial and innovative culture will have been fostered so that exports and inward investment will be increased. The workforce will be increasingly literate and numerate and more highly skilled, and this will underpin a sustainable growth in employment. The timeframe envisaged for the Strategy is 10 years. Many of the changes the Strategy is trying to bring about are long-term and will take time to effect: however within this there is also an emphasis on what needs to be done over the next three years to 2009.

It flows from this Vision that the overall aim of the Skills Strategy will be to help people in Northern

Ireland to progress up the skills ladder. It seeks to achieve this in order to

- lift the skills levels of the whole workforce;
- raise productivity;
- improve competitiveness; and
- enhance the employability of those currently excluded from the labour market.

WHO ARE THE TARGET GROUPS FOR THE SKILLS STRATEGY?

Broadly speaking, the Skills Strategy targets three groups.

- **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. This group comprises young people, and DEL will be working with many partners, such as the Department of Education; Further Education Colleges and Higher Education institutions; and Training Organisations.
- **Those already in the workforce** to help them upskill or re-skill where that is appropriate. With this group the Department will work closely with employers and their representatives, but also with others such as trades unions and training providers. Also part of this group are those who are temporarily unemployed: DEL will continue to work with this group through interventions such as New Deal.
- **Those furthest away from the workforce**, such as many of those who are economically inactive and who have been out of work for a long time - or perhaps who have never worked. DEL will build on its experience with long-term unemployed people to develop provision for this group. For example, DEL has for many years operated a Disablement Advisory Service

to help those who are out of work and where sickness or disability is a contributory factor, and has recently been developing stronger links with the Health Service and with health professionals with the aim of helping people in this group move towards employment where this is appropriate. Further details about DEL's work with this group is given in Article 21.

Individuals themselves in all three groups have a responsibility - and a self interest - to contribute to increasing their own skills levels and DEL's role is to work with others to provide the appropriate structures and support to help people maximise their potential and improve their skill levels.

It is also clear from the brief discussion above that the Skills Strategy can be seen in many ways as the overarching strategy that brings together elements of strategy and service delivery that may otherwise be seen as unlinked - for example the Essential Skills Strategy; the review of Further Education; Welfare to work policies; the response of the Higher Education Sector; and management and leadership issues to name but a few.

DELIVERING THE STRATEGY - THEMES, PROJECTS, AND UNDERPINNING STRANDS

The components of the Strategy are grouped into four board themes. Each of these themes has a number of specific projects associated with it. These themes are understanding the demand for skills; improving the skills levels of the workforce; improving the quality and relevance of education and training; and tackling the skills barriers to employment and employability.

Running through the themes are four underpinning strands: funding; research, analysis and evaluation; communication; and performance measurement.

THEME 1: UNDERSTANDING THE DEMAND FOR SKILLS

This theme groups together those activities that engage with employers and others to forecast future skill requirements in order to inform the planning and funding of post 16 education and training. There are four separate projects:

Labour Market Information Project. This will review how labour market information can be better used to understand the demand for skills in Northern Ireland and improve the planning of provision. Key target: Action Plan to be produced by September 2006.

Regional Employment and Skills Action Plan Project. This project will facilitate the development and implementation of a regional employment and skills action plan taking account of skill needs at local and regional levels and determine Northern Ireland's priority skills areas. Key target: Regional Employment and Skills Action Plan to put in place by September 2007.

Employers' Skill Needs Analysis Project. This will involve a comprehensive skills demand and supply analysis of 25 sectors during the period 2005-2007. The ultimate objective is to put in place a suite of Sector Skills Agreements across all sectors. This project will be delivered by the Sector Skills Development Agency with management input from the Department. Key target: Sector Skills Agreements for 25 sectors developed by December 2007.

Skills for Innovation. This project will identify the skills needed to help deliver an innovative economy and will examine the role that the education and training sector plays in providing the right support and will assess and address

gaps in current provision. Key target: development of a Skills for Innovation Action Plan by September 2006.

THEME 2: IMPROVING THE SKILLS LEVELS OF THE WORKFORCE

This theme is about getting the basics right and focuses on individual members of the workforce: those currently in employment or training and those about to join the workforce. Component projects are:

Essential skills programme. This component of the Skills Strategy is designed to raise the foundation of literacy and numeracy skills within the Northern Ireland workforce in order to address one of the most significant weaknesses which currently exists. DEL's Essential Skills Strategy has been in place for some time and is designed to support learners to achieve an essential skills qualification, and complements work which the Department of Education (DE) is taking forward in schools to tackle literacy and numeracy problems. ICT as a third essential skill will be trialled through a small pilot. Work in this area links an existing DEL Public Sector Agreement target: by 2007, 18,500 people will have achieved a recognised qualification in Essential Skills compared to 100 in March 2003.

Careers education, information, advice and guidance. This project, to be taken forward in conjunction with DE and other key stakeholders, will result in the development of an independent all-age Careers Education, Information, Advice and Guidance Careers (EIAG) Strategy, enhancing Careers Education currently offered to young people and adults. The aim is to encourage increased participation in education, training and employment based on up-to-date labour market

information. Key target: to publish a Careers Education, Information, Advice and Guidance Strategy by October 2006 which will improve and develop the quality and range of independent Careers EIAG available.

Adult Skills Project. Working with employers this work will focus on the upskilling of employees. A range of options, such as a Level 2 entitlement and an increase in the number of apprenticeships as well as introducing all-age apprenticeships will be determined as a mechanism to upskill employees. Key target: pilot Adult Skills programme to commence September 2006.

Management and Leadership Skills. This project aims to develop and implement a Management and Leadership Strategy for Northern Ireland in partnership with Management and Leadership Network (MLN) and other key stakeholders such as Invest Northern Ireland. Key target: MLN to lead development of Management and Leadership Strategy for Northern Ireland by June 2006.

Investors in People (IIP). IIP will develop a new strategy to increase the number of organisations using IIP standards to align skills development with the achievement of the business goals such as efficiency, profitability and improved competitiveness. Key target: to develop new IIP Marketing Strategy by May 2006.

THEME 3: IMPROVING THE QUALITY AND RELEVANCE OF EDUCATION AND TRAINING

This theme is about improving the planning and delivery of education and training. It is about putting in place a 'skills ladder' which acknowledges the complementary nature of academic and vocational progression routes and the value of both. Component programmes and projects include:

Further Education (FE). The FE sector is at the heart of lifelong learning and implementation of the FE Strategy for Northern Ireland, "FE Means Business" will make a significant contribution to the delivery of the Skills Strategy. Key strategic objectives will be to strengthen economic development, enhance social cohesion and advance the individual's skills and learning. FE colleges will be key drivers of local, sub-regional and regional economic and workforce development. In order to ensure that "FE Means Business" is implemented in the most effective way, the sector is undertaking a major re-organisation that will see the 16 existing FE colleges merge to form six new regional colleges by August 2007 thus enabling these larger and more influential colleges to enhance the sector's profile and status, particularly with employers and employer representative bodies, and will be key providers of education and training to meet the skill needs of the economy. Key targets for FE are discussed under the following three projects.

FE Support for Economic Development. This project will determine the role that FE colleges can play in supporting employers in practical ways, for example through business creation, incubation and product development, in addition to the provision of relevant vocational and business skills for individuals. The role and effectiveness of centres of excellence in colleges will also be to see how colleges can best provide key workforce and economic development support through the new six-college structure. Key objective: to enhance the contribution of the FE sector to economic development throughout the period.

Reform of Vocational Qualifications. Qualifications are the key measure of skills and they must be fit for purpose, up-to-date and reflect the skills required in the modern workplace. The main aim

of the Project is to work within a UK-wide setting to reform and rationalise the current range of vocational qualifications and place within a simple and accessible Framework for Achievement which will be unitised, credit rated and will eventually replace the present National Qualifications Framework. Key target: to put in place a new simplified credit-based framework of qualifications by December 2010.

14-19 Reforms. Together with other partners, chiefly the Department of Education (DE), DEL will be developing high quality, high value vocational education courses. The Vocational Enhancement Programme (VEP) is a joint project with DE which involves the development and implementation of collaborative models between post primary and the FE sectors to ensure that all 14-19 year olds in the Post Primary sector have access to high quality vocational education. Key target: to strengthen, develop and promote collaboration based on the VEP between schools and the FE sector in order to support the implementation of the Curriculum Entitlement Framework in the 2006/2007 and 2007/2008 academic years. DEL will also develop a differentiated curriculum offer for all full-time 16-19 year old students within FE colleges, integrating the skills of problem solving, team-working and ICT for all students, and encompassing enterprise within the curriculum to engender an enterprise culture among 16-19 year olds. The curriculum will also be focused on the needs of the economy with greater priority given to those vocational areas that meet local and regional priority skill areas. Key target: full integration of differentiated curriculum from September 2007 onwards.

Higher Education (HE). This project will comprise an assessment of the contribution of the HE sector to meeting Northern Ireland's skills needs

through the provision of foundation degree, honours degree and postgraduate courses, and the relationship between the demand for higher level skills and the supply provided by the tertiary education sectors. Key target: in consultation with HE sector and employers to develop a policy for higher level skills and the enhancement of student employability by March 2008.

Reconfiguration of Training. This project, which is already underway, involves a comprehensive review of existing training provision for 16-19 year olds, with a view to the development and implementation of a revised vocational training programme, which will be one strand of the policy for 14-19 year olds. It will balance academic and vocational education also and meet the needs of young people with a disability or with personal and/or social problems. A pre-Apprenticeship programme for 14-16 year olds will be developed to complement the VEP to allow young people to explore a vocational educational pathway leading to a full Apprenticeship programme. At the same time DEL will build on the existing pre-Vocational Access Pilot to allow young people experiencing a range of physical, emotional or learning disabilities to have targeted provision. A suite of flexible programmes will focus on personal and social development and essential and employability skills within a vocational context. Key target: to put in place a new Vocational Training Programme by April 2007.

Quality Improvement. This aims to enhance vocational education and training funded by the Department through the development of a quality and performance framework and ensure that quality standards are defined and benchmarked across the Department's provision; that lessons are drawn from inspections and addressed appropriately and coherently; and that support

is provided in an appropriate way. Key target: to promote quality across the Department's skills provision through the development and implementation of a Framework for a Quality Improvement Strategy by September 2006

THEME 4: TACKLING THE SKILLS BARRIERS TO EMPLOYMENT AND EMPLOYABILITY

This theme is about equipping those who are not in work with the skills necessary for economic activity, and helping people address their main barriers to employment where possible. A menu of provision, including referral to specific services, will be developed to seek to tackle these barriers, which will include options for increasing skills levels where that is seen as the major barrier to employment. The development of the menu is dependent to a significant extent on progress at National level. Key target: development of menu of more targeted provision in line with GB developments.

UNDERPINNING STRANDS

There are four strands which underpin and are crucial to the successful delivery of the Skills Strategy.

- **Funding** - an overarching review of funding arrangements for post-compulsory education and training is being commissioned, which will take account of the development of new funding arrangements for the FE sector. This review will be completed by April 2007.
- **Communications** - a Skills Strategy Communications Plan will be developed which will utilise and build on existing channels and consultation arrangements with particular focus on engagement with small and medium sized enterprises (SMEs).
- **Research, analysis and evaluation** - research

and analysis work relating to the Skills Strategy will be commissioned under the Department's Research Agenda, which will be reviewed annually to ensure emerging research needs are accommodated. The Department has a long history of research and evaluation and publishes findings in its Labour Market Bulletin⁵, published annually.

- **Performance Measurement** - The Skills Strategy sets out a number of targets outlined above against which performance can be assessed. However a number of further measures will need to be developed and with this in mind a Performance Measurement Project will be taken forward to develop a suite of key performance indicators based on outcomes and will be in place by December 2006.

MONITORING THE PROGRESS OF THE SKILLS STRATEGY

The overall programme of implementation is overseen by a Programme Board which includes representation from the Economic Development Forum. In addition, individual projects will, as appropriate, have dedicated Steering Groups comprising key stakeholders. Progress against the identified targets will be included in DEL Annual Reports, and a full evaluation of progress towards achieving the vision will be carried out by the end of 2009.

ESTABLISHMENT OF THE SKILLS EXPERT GROUP

As a key element of the Skills Strategy, DEL will establish a standing Skills Expert Group, comprising relevant experts from the public and private sectors. An Interim Group was established in February 2006 pending formal convening of the Group once membership has been finalised. It is envisaged that the full group will be established by September 2006.

The role of the Skills Expert Group will be to advise and make recommendations to DEL, and other government departments and agencies, on matters affecting the Skills Strategy for Northern Ireland; and to develop a Regional Employment and Skills Action Plan. It will also advise government on projected requirements and international opportunities for Northern Ireland and make recommendations on the steps required to meet identified need. The Group will have responsibility not only for steering the process of identifying skills needs, but also for reviewing follow-up action taken by way of policy and operational responses.

In complex labour markets, skills supply decisions cannot be taken in isolation. Demand and supply forecasts must be grounded in an overall analysis of the dynamic forces of the labour market, both at the macro and micro levels. The Group will play a key role in guiding information requirements and in sifting and analysing available information. One of the key objectives of the Group will be to act as a forum to advise the departments, agencies and others associated with the Group on skills issues. The Group will also examine labour market studies to share information within the Group and to advise future actions; and where appropriate it will commission studies where there is a need for additional information and it will develop proposals to deal with identified shortages. Also, it is envisaged that the Group will have a role in monitoring progress in the implementation of proposals.

It is envisaged that specific functions of the Skills Expert Group will include establishing a programme of research, including international research, closely linked to DEL's research strategy

and the Skills for Business Network labour market research, that will provide the evidence base for the implementation of the Northern Ireland Skills Strategy and the development of the Regional Employment and Skills Action Plan by

- providing an analysis of the strategic implications of education and training policies on the provision of skills at a regional level;
- advising on the long-term needs of the economy and identify the potential growth sectors;
- defining the immediate and mid-term areas of skills priority for the public, private and social sectors;
- advising on how the recommendations of the Skills Strategy for Northern Ireland may be most effectively implemented;
- monitoring progress with the implementation of those recommendations making proposals where appropriate;
- liaising and co-operating with each of the local Workforce Development Forums to develop and define a Regional Employment and Skills Action Plan; and
- producing reports as required to disseminate labour market intelligence and articulate the government's response to the skills agenda within the context of the Department's Corporate Plan and the Economic Vision for Northern Ireland.

Membership of the Skills Expert Group will be drawn from recognised experts from industry, commerce and academia and will include employer and trade union representatives, economists, international members, and representatives from the Economic Development Forum. There will be a two-way communication process between this group taking a regional view of Northern Ireland's skills needs, and the local, sub-regional Workforce Development Forums which are planned for the Autumn 2006.

¹ Available on-line at www.pfgni.gov.uk/economicvisionfinal.pdf

² Rogers, D (2005) "A New Skills Strategy for Northern Ireland" Northern Ireland Economic Bulletin 2005 Article 19 pp 153-159. Department for Enterprise Trade and Investment., Belfast. Available online at www.detini.gov.uk

³ Stevens, H (2005) "The New Northern Ireland Skills Strategy - Underpinning the Government's Economic Vision" Labour Market Bulletin #19 Chapter 8 pp 69-72. Department for Employment and Learning, Belfast. Available online at www.delni.gov.uk.

⁴ Department for Employment and Learning (2006) "Success Through Skills. The Skills Strategy for Northern Ireland: A Programme for Implementation" Available online at www.delni.gov.uk.

⁵ Current and back issues available online at www.delni.gov.uk