



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Economic Measures: Ministerial Briefing

14 November 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Basil McCrea (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Jim Allister
Mr Sydney Anderson
Mr Phil Flanagan
Mr David Hilditch
Mr Chris Lyttle
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:

Dr Stephen Farry	Minister for Employment and Learning
Mr Colum Boyle	Department for Employment and Learning
Mr John Smith	Department for Employment and Learning
Mr Colin Jack	Department for Employment and Learning

The Chairperson: We will move to the next session. Colin Jack and John Smith will join you.

Dr Stephen Farry (The Minister for Employment and Learning): I will kick off. I know that we are pressed for time, and we will try to do this as quickly as possible. You will appreciate that a series of announcements was made last week by the First Minister and the deputy First Minister about additional economic measures. Those all build very much on the platform of the economic strategy. Departments were invited to make submissions to the process, and, as a Department, we made a number of bids. I am pleased to say that all our suggestions were taken up and adopted.

I will run through very briefly about 10 items, and, no doubt, you can follow up with questions. I anticipate that one of them will maybe focus more attention than others. I do not want to overly anticipate things, but we shall see. The first strand is a programme called First Start, which is a targeted intervention for 1,700 young people between 18 and 24 who have been unemployed for a minimum of 26 weeks. That will be a new strand of the Steps to Work programme and will offer opportunities of six months' duration either in the private, public or community —

The Chairperson: I apologise, but I was trying to find the bit in the table. What was that about a new strand?

Dr Farry: It is a new strand of Steps to Work.

The Chairperson: Is it in the funding?

Dr Farry: Yes, there is funding. We are starting it this year from our current resources, but we have additional resources of £3.5 million and £2.7 million over the next two financial years. In essence, that is a wage subsidy scheme for young people.

The second programme is what we call Step Ahead 50+. The Committee should be very familiar with Step Ahead as a former strand of Steps to Work, which, unfortunately, we had to let go last year due to budget pressures. We had a very brief Step Ahead 2012 programme in the first three months of this calendar year, and this is now a programme for those aged 50 and above. We are seeking 1,100 placements in that.

The next element is public sector placements under Steps to Work. We are very keen to get out the message across government that we, too, can offer placements to people, and the target is to have 500 of those placements, lasting between eight and 26 weeks. Again, there is funding to support the infrastructure around all that.

The next element is that we have additional places in higher education. Those will all be science, technology, engineering and mathematics (STEM) places. We have additional funding of £1.3 million, £2.6 million and £3.9 million in this regard. That enables us to fund an additional 500 STEM places from 2013-14 onwards.

There are also additional resources for upskilling via further education, which allows us to increase our offerings at levels 2 and 3. We also have increased funding available for our European social fund projects. That is going to be invested in two directions. The first is that a pot of resources will be allocated to the 10 projects that are essentially dealing with young people who are not in education, employment or training (NEETs). Also, we will then extend the funding to a number of organisations that passed the threshold to qualify for support, but, due to limited resources, the previous Minister was unable to extend the funding that far. I know that the Committee has received evidence from those who have been affected by that, but, as of April next year, we are in a position to extend funding to those organisations. We are also looking to further engagement with the Apprenticeship NI scheme. We are building on a component of the youth employment scheme to allow people who complete that programme to move into apprenticeships.

We also have additional funding for PhD places. We will be funding an additional 150 PhDs, and that is in addition to the announcements that were made in relation to the higher education strategy. That is funded from within our existing resources. We are funding new MScs in aerospace. That follows from an initiative from the Department for Business, Innovation and Skills that was announced by the British Prime Minister at the Farnborough International Air Show at the beginning of July. There will be funding for bursaries for 20 students in Northern Ireland each year.

The final issue to highlight is that we are funding 150 enterprise allowances that will be targeted at young people who wish to set up their own business. That will be an additional strand within the youth employment scheme.

All those schemes that I have mentioned so far are additional to what is on offer. They are funded either from existing internal departmental resources or from new resources that have been allocated as part of the new financial package announced by the Finance Minister.

I am happy to answer your questions on those.

Mr P Ramsey: Thank you, Minister. There are certainly are some good areas in what you have covered. A personal and constituency interest for me is the most welcome news that there will be an increase of 500 STEM subject student places. How will the Department determine where those will go?

Dr Farry: They will be split, as always, across the higher education providers. There was a lot of discussion about the initial tranche that we announced last December. The rationale for those was primarily around managing the anticipated displacement of students who perhaps would otherwise have studied in Great Britain, but decided to study in Northern Ireland due to the differential fees. Within that, we placed an emphasis on STEM subjects to help rebalance the economy.

We have now bid for and received funding for an additional 500 places. That is very much part of an economic package, and it is aimed at rebuilding and, particularly in this case, rebalancing the Northern

Ireland economy. So we see this as an investment in the future, particularly in areas that are most relevant for further business growth over the years to come. This probably is highlighted as one of the key areas that will have a long-term benefit. So the rationale is that it is an investment for Northern Ireland as a whole, and we have to respect that in the roll-out. I am keen, as are a number of members of the Committee, to stress the importance of the further education sector. We appreciate that further education is a higher education provider in its own right. Therefore, some places will go to that sector.

That said, I will give you some degree of comfort, Pat. We have talked about the need to rebalance the economy, but we appreciate the rationale set out for Derry and the north-west, the particular challenges there and the opportunity that will arise from having those places.

On the one hand, let me be very clear. We cannot allocate all the places to the north-west, for a whole host of reasons. However, it is fair to say that the largest slice of this cake will go to the University of Ulster. It is entirely at the university's discretion as to where it puts places, but the vice-chancellor is on the record as saying that he will direct them towards the Magee campus.

Mr P Ramsey: I will not labour this point but it is so frustrating for those who are advocating and championing the increase at the Magee campus. You are correct; it is an economic driver. It is a regeneration tool, and the money that comes into the economy is immense. However, it is frustrating that the Department for Employment and Learning (DEL) insisted that the University of Ulster submit a business case for an increase in numbers at the Magee campus. Queen's University was never asked to write a business case. In fact, on the record, Queen's University would say that it never asked for any increase in numbers last year. I will ask you again: have Queen's University or any of the colleges asked for an increase in numbers?

Dr Farry: The answer is that all the providers want additional numbers. We have had discussions with them. The context in which the University of Ulster was asked for a business case predates my time as Minister.

Mr P Ramsey: I know it does.

Dr Farry: My understanding is that a bid for additional places was made as part of the comprehensive spending review (CSR). The rationale for the bid was an investment in the Magee campus and in the north-west. When I secured additional places on the back of the tuition fees settlement, the rationale behind it was not the expansion of the Magee campus, worthy as that may be, but managing additional demand across Northern Ireland. That was the basis on which that bid was made, and it did not require a business case.

The rationale for the current tranche of places relates to the rebalancing of the Northern Ireland economy. Again, we do not need a business case in that regard. However, 18 months ago, there was no funding for any additional places anywhere in Northern Ireland. It was not on the agenda.

I appreciate that we have a target of 1,000-plus places. Today, we are in a situation in which Magee campus is over half way towards that target in an 18-month period. A lot of people from the north-west are looking for the glass being entirely full straight away, but it is already more than half full and with the potential for further increase.

Mr P Ramsey: Minister, I appreciate that you may say now that Queen's University and the other bodies said that they wanted an increase, but last year, the Department asked Queen's University to take numbers. There is a big difference between that and putting in a formal request for increased numbers at Queen's University.

Chairperson, I appreciate your allowing me the time to speak. I appeal to the Minister, as I always do. The economic regeneration tool, the One Plan, which was part of the Office of the First Minister and deputy First Minister-approved strategy, saw a massive expansion in the Magee campus as a key economic driver for the north-west.

Mr Allister: I want to make a couple of quick points. Are the 150 PhDs specific with respect to disciplines?

Dr Farry: No, but they will be specific in areas of economic relevance. That will mirror our definitions in relation to research funding. There is an established model for investing money in research in the

universities. The focus is on rebalancing, so they will be largely in the STEM subjects. We do not micro-manage the universities in how they allocate places beyond that level.

Mr Allister: Will there be a fresh competition for the European social fund money that is going to the disappointed groups? Will there be no opportunity for others to interpose themselves? Will it be simply for those who were disappointed?

Dr Farry: The rationale for our bid was that I was conscious that — and this pre-dates my time as Minister — a scoring threshold was set and x number of organisations were scored above that level. However, there was only a certain pot of money available for allocation. I do not want to second-guess decisions taken by my predecessor as Minister, but at 75% funding, the resources went only so far. We had 17 organisations above the line but not resourced. I appreciate that this was a source of grievance for the organisations affected. The scoring is still relevant, so we believe that we can proceed on that basis.

Mr Allister: So, it is the 17 who will get —

Dr Farry: We contacted the 17, and 16 of them want to proceed.

Mr Colin Jack (Department for Employment and Learning): Yes, we contacted the 17 organisations that had fallen in between the pass mark in the competition and the level down to which we were able to provide funding. We contacted them on the day of the Finance Minister's announcement, and 16 came back to us.

Mr Allister: Can they all cope with the slight time-lag until April?

Mr Jack: We need to discuss with them the detail of how much they will draw down and the timing. There are other issues around, for example, match-funding that we need to resolve, which could make the available funding go further. However, we will be in contact with all the organisations over the next week.

Dr Farry: I am sure that this is not an ideal situation from their perspective. I am not going to second-guess the rights and wrongs of a decision that was taken. It was taken around an objective set of standards; certain people were funded and others were not. Where we can now make a difference with those projects that were deemed worthwhile in 2001, we can follow through. The funding kicks in from April 2013, so there is a certain lead-in time now for them to get themselves in a position to do that.

Mr Allister: The Step Ahead 50+ programme was abandoned and has now been reinstated. In abandoning it, was there recognition that it was not a very successful programme? If so, why are we going back to it?

Dr Farry: I would not say it was abandoned. We had to let go of the programme last year; in my view reluctantly. There was a lot of feedback on that, particularly from the community and voluntary sector. It was something that they valued considerably. However, looking at the range and different strands of Step Ahead, it was not the most cost-effective of the different elements. That is not to say that it was not worthwhile, but it was not the most cost-effective of the different strands.

During last year's Budget, Steps to Work was struggling to balance its books because of the sheer number of people claiming and going through the system relative to the resources available to the employment service. The employment service is funded on the assumption that there are 35,000 people on jobseeker's allowance. Clearly, we are not in that context. When additional resources now become available, it can come back on the agenda. We made a bid in the January monitoring round in the last financial year for a very short period of eight to 10 weeks for Step Ahead, which was very useful, but, again, we had to let it go. We are now in a position to restore Step Ahead, and this time we are seeking to focus on the 50+ category because we believe it is a particular group of people who are unemployed and who need additional assistance. Would you like to expand on the rationale of that, Colum?

Mr Colum Boyle (Department for Employment and Learning): The Minister hit the nail on the head. There is a fast burn-rate with the mechanism, in money terms. Once you apply Step Ahead on a wide basis across Northern Ireland, it burns money very quickly. We carried out an analysis to find out why

we were having to bid for extra money all the time through monitoring rounds, and Step Ahead was the single biggest factor. The mechanism is useful, and we are applying it on this occasion on a niche basis for the 50+ category who are long-term unemployed. It certainly has value in being able to do things such as that.

Mr Allister: It is for only 1,100 people.

Mr C Boyle: Yes.

Mr Allister: How will you distinguish who the 1,100 are?

Mr C Boyle: It will be as we see people coming through our doors who we believe could benefit from this. That is how we will do it.

Mr Allister: Is it first come, first served?

Mr C Boyle: Basically, but best-fit as well, and where opportunities occur with the voluntary and community sector.

Mr Lyttle: I have a brief comment. I am used to asking Ministers and Departments why they have not done something, but with 500 six-month job placements for long-term unemployed 18- to 24-year-olds, PhD places, student places and funding for the community and voluntary sector, it is worthwhile welcoming those and keeping an eye on exactly how they are delivered going forward. In my constituency, given the pressures on people — young people in particular — regarding unemployment, this is one occasion on which I am willing to welcome the work being done on those issues.

Dr Farry: We will take that as read.

The Chairperson: Do you want to give him a pat on the back?

Dr Farry: I do not feed him those lines at all. If only I could.

Mr Lyttle: I prefaced my comments. You may note that I am as robust as anybody needs to be when questions need to be asked, but it would be disingenuous not to recognise that there has been progress on some key issues.

The Chairperson: Indeed. Does anybody else want to ask a question?

I want to ask a few questions. I looked through the Minister of Finance and Personnel's statement. I am sorry, I did not get complete command of what you were reading out, because it was an oral statement. I had difficulty lining up all the great things, which Mr Lyttle just outlined, with anything in the Minister of Finance and Personnel's statement. There is nothing in the October monitoring bids for DEL, as far as I can see, in the statement.

Dr Farry: That is correct. The first thing to say is that we will provide you with a summary of all the new projects, the funding over the remaining three financial years of the CSR period and the source of those resources, whether they are internal, through the Department, or additional, that we have secured. The difficulty, and source of some of the confusion, is that the Finance Minister — and I am not here to speak on his behalf — was delivering the October monitoring round statement on Monday, which is the in-year position. Some of the funding is for this year, but the bulk of it will be for next year and the year after, so that is a slightly different place. It is almost apples and oranges. We have had a lot of announcements at the same time. John, will you elaborate a bit more on the context to this and how it all fits together?

The Chairperson: Just before you elaborate, John, I want to deal with this point. I look at the money that DEL got in budgetary alignment allocations for NEETs and youth unemployment of £15.15million and £19.6 million. Is that the totality of the —

Dr Farry: No. That money relates to the business case, for which we secured agreement from the Finance Minister in the spring of this year. You will recall that —

The Chairperson: Yes, so you got that, and he just allocated that money.

Dr Farry: He has formally confirmed that —

The Chairperson: OK, I get that. It states here that the Executive are setting aside £70 million over the next two years to fund the economy and jobs initiative. Is that in addition to the money that we have just talked about?

Dr Farry: Correct.

The Chairperson: What share of that £70 million —

Dr Farry: Our share is as follows. In 2012-13, it is £1.25 million. In 2013-14, it will be £14.05 million. I am sorry. You had better do it, John. I am reading the wrong line.

Mr John Smith (Department for Employment and Learning): That is the totality, including others. We get £0.95 million this year, £13.65 million next year and £15.15 million in 2014-15. It is all resource money, adding up to £29.75 million. That is separate to the money that we have got for the youth employment and NEETs initiatives.

The Chairperson: Right, and does that come out of the £70 million?

Mr Smith: That is correct.

The Chairperson: The Minister said, helpfully, that if we take the narrative from the OFMDFM statement earlier, which outlines a whole lot of things, you will explain to me where the money comes from for that in a subsequent paper.

Dr Farry: Yes; we will go through it and give you a line on the resourcing behind each of those items.

The Chairperson: That would be useful. The problem is that when we were looking at this — and I did not hear you talking about it, but I might have been looking through my papers — was it 150 additional PhDs?

Dr Farry: Yes.

The Chairperson: Where did that come from? Did you put in a bid for that?

Dr Farry: We did.

The Chairperson: Into what? The monitoring round or —

Dr Farry: There was a separate process. The monitoring round was as normal. The Department did not make a bid in this particular monitoring round. There was a separate bidding process for a package of measures that the Executive were seeking to agree to build on the economic strategy. In September, all Departments were asked to consider what additional measures they believed could be added to the economic strategy. We suggested a range of initiatives, which were all accepted and resourced.

The Chairperson: Maybe I have got this wrong, but the Committee was not aware of that process. Is that correct?

Dr Farry: Yes. It was very much an internal Executive process. I appreciate that the announcement on Wednesday probably came as a surprise to a lot of people.

The Chairperson: Yes, it did. It was a bolt out of the blue. We were completely flummoxed. Even when we got the Finance and Personnel statement, I could make neither head nor tail of it. The numbers did not add up.

Dr Farry: I will explain what happened. Ideally, this week, the First Minister and deputy First Minister would have made a formal oral statement in the Assembly based on the package, and then the Finance Minister would have made the more routine statement on the October monitoring round situation and the Budget review, and touched on the financing of the statement. With the First Minister, the deputy First Minister and their colleagues in China this week, they were left with the dilemma of whether to sit on this for two weeks and make a statement when they came back or to go ahead with it. Obviously, we want to start delivering on these projects because the economy needs this boost. They formed the judgement that they would issue a written statement and release the document. It was a product of circumstances.

Mr Allister: They could have agreed it and come to the Assembly last Tuesday.

Dr Farry: The Executive meeting was on Wednesday.

Mr Allister: That was a change in itself. I am sure that it could have been changed.

Dr Farry: That was due to a meeting in London on Thursday. It was a matter of logistics, shall we say, and that is the way it worked out. There was no grand conspiracy to do people out of this.

The Chairperson: OK, we are not having a go at you, Minister. However, if this was the most significant announcement, and we were blindsided, then the thing was done at the wrong time, and nobody really knows what has come in. It is just not good government.

Dr Farry: Far be it for me to speak on behalf of the other Ministers, but there was a genuine determination that had the timing circumstances been more ideal, a formal oral statement would have been made to the Assembly. The sheer fact was that people were heading off to China during the next sitting days of the Assembly —

Mr Allister: Which they knew.

Dr Farry: I may well go in due course; who knows. The desire was that this was sufficiently important to get the ball rolling. Why sit on it for two weeks when we could start making a difference to people? In the circumstances, issuing a written statement was the best that could be done.

The Chairperson: Do you agree — you may not wish to — that the negatives that came from certain commentators in response to the initial £200 million were unfortunate because there is more meat in the announcement than meets the eye.

Dr Farry: I think that, in the main, the initiative has been fairly well received. I have already tried to explain to the Committee the circumstances in which other Ministers found themselves. On balance, the correct decision was taken in making the information known. It is hard to avoid the situation in which some people want to react and comment on the process. However, as people have drilled down and looked at the initiatives, they have all had a positive welcome.

By the same token, I do not think that anyone is claiming that this is a silver bullet that will transform our economy overnight. Where the Executive can take measures to address the economy within the limited resources and powers at their disposal, they have gone as far as they can at present with new projects. Over the coming months, we will see whether this has a real impact as a stimulus to the local economy.

The Chairperson: That is exactly what we will look at. Anyway, it would be useful if you could get the breakdown and an explanatory note to us, John. Try to explain it in an easily understood way because the numbers are flying around every which way and backwards. I have no idea what the baseline is now for what the figures are. We need to pick up on where these have been funded from so that we can properly fulfil our expenditure oversight role.

Mr Lyttle: I agree with you —

The Chairperson: Do not do that, Chris, I am in enough trouble.

Mr Lyttle: — in relation to the statements. There is a worrying trend not to make quite significant announcements in the Assembly. I wholeheartedly agree with your observation on that.

Mr Flanagan: Chair, you would not be happy either if we were given the statement and the accompanying document half an hour before the announcement was made in the Chamber.

Mr Lyttle: That is more than having nothing at all.

The Chairperson: This is a substantive point. Just to be clear —

Mr Flanagan: And I agree with you.

The Chairperson: I think that it is entirely appropriate that Ministers should make statements to the House. In my experience, there is a difficulty in doing that. The Deputy Chairperson raised the issue, and I agreed with him, which was not universally supported by the Committee. I supported my Deputy Chair who made the point to the Minister that this is really big and comprehensive and there is a lot in it, and we just can't get our heads round it all the time. I was trying to be helpful by doing that.

I am also trying to be helpful to say in the Minister's presence here today, that if we can have certain bits, where we deal with the substantive issues that come up, members — if properly briefed, and I do not mean in detail — will ask intelligent questions that allow you, as Minister, to draw things out.

I think that that is the right way to go forward. We want to support the good news that is coming out about what you are going to do, and we applaud all your efforts, but frankly, on this particular bit, despite my best efforts, I really could not get my head around the numbers. The only opportunity that I had to speak was on one question to the Minister of Finance and Personnel. Putting all that in the round, I think that we did not do ourselves justice, and I would be very keen to find a way of working with people so that everybody knows what is coming up at the appropriate level and time and in the appropriate way.

Dr Farry: I will say just three things. First, oral statements are the correct procedure for making announcements, and the Department tries to practice that at every relevant opportunity. We follow the procedures set down by the Speaker for the pre-release of statements. Our system is more generous in that regard than many other legislative bodies, but you made the point about the balance of content in such statements.

Secondly, if the logistics in other diaries had been different, a statement would have been made to the House by the First Minister and deputy First Minister on Monday.

Thirdly, as Minister, I was conscious that this is new to the Committee and was not part of your formal agenda, which was set prior to the announcement last Wednesday evening. That is why we approached you informally to ask whether we could sit down and have a discussion at the first opportunity, so that members would have an opportunity to raise issues and ask questions about this, as they have today. So, we have teased that out. You, correctly, asked for further information, and we will provide that in writing by next week.

The Chairperson: I appreciate that. It is not always obvious from your side of the table that it is difficult for us to pick up on details when a statement is delivered orally and without substantiating paperwork. People just cannot follow the numbers. I am just trying to look at practicalities here. I appreciate your forbearance and that you will sort out the issue. We will try to work with you.

I want modest clarification on one point. When you were extending the scheme for taking on young people to the public sector, does that include employment with MLAs?

Dr Farry: There is no reason why not. You are an employer like anyone else, yes.

The Chairperson: OK; it is just to get that on the record.

Mr Flanagan: How much of a sub are you entitled to?

The Chairperson: I am going to hire you as my staff researcher. *[Laughter.]*

Mr Flanagan: Promotion; wow!

The Chairperson: Anyway, we need to move on.

Mr Anderson: Minister, did you say that there are 500 public placements?

Dr Farry: Yes.

Mr Anderson: How do you propose to bed those out? Have you any idea?

Mr C Boyle: At the start, we dealt with how we divvy those up. We already have a blueprint. The Department has taken on board that there are a number of internal obstacles in Departments, in which they really need to get their heads around things that they have to do to open the doors; things such as risk management, access to systems and all that kind of stuff. That can all be dealt with.

Across the water, there is a blueprint for how it was done in the Department for Work and Pensions and there is a blueprint for how it is happening in the Civil Service. The Minister is already committed, and so, too, is our permanent secretary. We intend to lead by example as well. As to going through our Steps to Work providers, I expect that the doors will be opening for them quite soon. We will need to contact the heads of HR across the Civil Service.

Mr Anderson: I take it that the 500 placements will be spread across the Province?

Mr C Boyle: Yes.

Mr Anderson: Will there be a fair allocation across the Province through the different Departments?

Mr C Boyle: Yes.

Mr Anderson: Will you be working with local councils on that?

Mr C Boyle: We are already working with local councils. We have been in touch with two or three of them and we are going to expand on that.

Mr Anderson: I am a Member of Craigavon Borough Council, so I do know a wee bit about this. There are issues about getting young people into placements and issues to be resolved before they can be placed there. So a bit of work might need to be done there.

Mr C Boyle: We know that, and that is the issue that we have. It is not a simple matter of just dumping people in through the door. There are a lot of protocols to be managed. We are very sensitive to that. Even from the point of view of our own Department, the HR angle on that has to be seriously work through. We are pretty well on with that, but there are still some things to be resolved.

Mr Anderson: That is good.

The Chairperson: Thank you very much for your time and forbearance.

Dr Farry: I will see you soon.