



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

DEL-related Issues: Ministerial Briefing

12 September 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 Sammy Douglas
Mr Chris Lyttle
Mr Fra McCann
Mr Barry McElduff
Mr David McIlveen
Mr Pat Ramsey

Witnesses:

Dr Farry	Minister for Employment and Learning
Mrs Catherine Bell CBE	Department for Employment and Learning
Mrs Nuala Kerr	Department for Employment and Learning

The Chairperson: Minister, you are very welcome.

Dr Farry (The Minister for Employment and Learning): Good morning.

The Chairperson: Catherine and Nuala, we also extend our greetings to you. Minister, I have explained that you, the Deputy Chairperson and I met and covered many issues. I have also explained that this will be a fairly free-ranging discussion, but that, obviously, there is a time limit. What is your time frame?

Dr Farry: We were aiming for 11.00 am, which would give us an hour. However, we can run on a little bit after 11.00 am to perhaps 11.10 am or 11.15 am.

The Chairperson: OK. We will manage around that. Minister, are you going to make an opening statement?

Dr Farry: Yes. I welcome everyone back after the summer recess. That being said, it has not been much of a recess for the Department.

As you outlined, Chairperson, this is largely a scene-setting exercise. I thought that it would be useful to come to the Committee's first meeting to set out where we have come from, some of the recurrent challenges and some of the key issues that we will be seeking to address as a Department over the coming months. I also thought that it would be useful to have a free-flowing discussion and question-

and-answer session with the Committee, within certain obvious parameters of natural discipline. We are happy to field and answer questions. Given that it will be a fairly open forum, there may be areas of detail that we are not in a position to answer today. However, of course, we will write to the Committee with any outstanding issues that we cannot address legally.

I will begin with some of the key issues. Fundamentally, we are a Department that is about skills, employment and, ultimately, jobs. All three are interlinked. We have great strengths with the people of Northern Ireland. We have major opportunities as a society over the years to come, although we are in difficult times at present. We also have major structural problems in our economy that have been with us for many years and which we are only now really tackling as an Executive and an Assembly.

On skills, historically, we have many people with either low levels of qualifications or none. All the indications are that, over the next 10 years and beyond, we need to invest in the upskilling of the population. Indeed, the large productivity gap with the rest of the UK is due largely to a skills deficit, and we need many more people at level 4 and beyond to close that gap. We have also seen considerable rises in unemployment over the past five years, having started from a historic base of high economic inactivity to begin with. The wider economic situation in Northern Ireland, the European Union and elsewhere remains difficult, and we need to turn our minds to what we can do to manage that. Over the past 18 months, we have made a number of important interventions, and new policies and programmes have been unveiled. Some of the main ones are the skills strategy and, arising from that, the employer engagement plan.

On higher education, we now have a settlement on tuition fees and the funding of the higher education sector, which go very much hand in hand. Beyond that, we have put in place Northern Ireland's first higher education strategy, and, as you will be aware, we launched our first integrated widening participation strategy yesterday. We are happy to address that issue again today, although our officials are more than happy to have a dedicated evidence session on that during the coming weeks.

On skills, we have released an information and communication technology (ICT) action plan and a similar plan for the agrifood sector. To deal with unemployment and, in particular, youth unemployment — it is fair to say that we have a major concentration of unemployment among 18- to 24-year-olds — we have a new youth employment scheme, which has been live since the beginning of July, and a new strategy for (not in education, employment or training) NEETs. Obviously, there are major delivery and implementation issues involved with those.

I want to highlight some of the immediate issues on my agenda. First, I want to touch on careers. We have a joint strategy on careers with the Department of Education, which was scheduled for review in 2014. John O'Dowd and I have discussed that strategy and are considering moving the timescale for some of that forward. I appreciate that careers is a major issue for the Committee, so I welcome its inquiry. I believe that it will reinforce the work that the Department is doing, and we will want to give full consideration to any recommendations the Committee wishes to bring forward. You will know that a similar process occurred for NEETs. The predecessor to this Committee did a comprehensive report on that, and we tracked all its recommendations in the final strategy.

We will talk about the four "e"s. The first "e" is the new employment programme for Northern Ireland, the successor to Steps to Work. You will appreciate that the issue is out for public consultation, and I will want to consider the responses to that consultation. I am conscious that the Committee has not yet taken the opportunity to get a briefing from our officials on the detail of the consultation, and we are very happy to facilitate that at any opportunity.

The next issue, which is somewhat associated, is economic inactivity and issues regarding employment and unemployment. You will be aware that Northern Ireland has the highest level of economic inactivity in the UK. Conversely, we have the lowest level of adult participation in the labour market. That is a structural problem that we have. There is a commitment in the Programme for Government to develop a strategy to address that. Work is under way to produce a draft strategy that will have to go, in the first instance, to the Executive towards the end of this year.

The third "e" relates to employment law. You will be aware that a discussion paper has been out for public consultation over the past number of months. I just want to reiterate the methodology that we are adopting. We deliberately made the paper a discussion paper by not setting out the Department's view on its preferred direction of travel; we wanted to have an initial engagement with stakeholders to gauge their views. The next stage for my officials and me is to review the outcome of that

consultation, which we have already begun to do, and to produce a more focused consultation paper on a series of proposals. We will, hopefully, be releasing that again during the coming months.

The final "e" relates to engineering. You will have noticed that I mentioned actions that we have taken in relation to particular sectors, namely ICT and agrifood. We are conscious of the concerns in the engineering sector in Northern Ireland, which is a particularly important element of our economy, around potential skills shortages and mismatches. Therefore, we have established a working group, involving business leaders, academia and other Departments, and we will be meeting over the next number of months to produce an action plan for that sector.

The final issue that I want briefly to mention is the further education sector, which touches on virtually everything that we do. I know that many members are interested in it. We have commenced work to refresh the main governing document for that sector. FE Means Business goes back to 2004, and it is timely that we re-examine it. I do not expect a fundamental shift in the focus of what the FE sector does. Indeed, I imagine that we will want to further consolidate what it is doing, namely being a major partner in the economic development of Northern Ireland. It is important that we revisit where we are today as an economy and a society. We are beginning to work with the sector in that regard.

Those are a few opening remarks to set the scene. The floor is now yours, Chair.

The Chairperson: I am glad that you have handed the floor back to me, Minister. First, will members indicate whether they want to ask a question? There is a huge amount of things that we could talk about, but if we could try to be selective so that everybody does not talk about everything, I think that that would be handy. I will run through the issues before we go on. There are a couple of things that you have not mentioned, Minister. For example, you might want to say something about your views on the existence of the Department.

Dr Farry: Grand. We are here. You can appreciate that, over the summer, the First Minister and the deputy First Minister announced that the future of the Department for Employment and Learning (DEL) would be considered as part of the wider review of Departments. That is a sensible way of looking at this. From my personal point of view, I am a strong believer in Northern Ireland having a Department of the economy, and I also believe that we need to rationalise our Departments, not so much to try to save money — the direct financial saving will be relatively small — but to better interface with the people of Northern Ireland and, in particular, the business community. The review is very encouraging, and we will get a positive result from it in due course. Exactly how the review pans out is, at this stage, speculation. However, the Department is here and working away. Frankly, over the first half of this year when there was considerable uncertainty over the future of the Department, we kept on with our work. We did not stop anything or slow down on anything; we pressed on. There remains a job of work to be done, and that is our focus over the coming months.

The Chairperson: I have only a few points to make because I want to bring members in as quickly as possible. You might mention something about the University of Ulster and the difficulties that it had with engineering.

Dr Farry: That regrettable situation emerged over the summer. The university sent out an e-mail to all those who had applied to the faculty of engineering. Some 370 acceptance notifications were sent out when it had about 180 places. Obviously, that e-mail was sent in error. After a number of hours the university recalled the e-mail, but an impression had been given to a large number of young people that places were available. The university decided that it would honour offers that were made across the board. It has made about 317 offers for direct honours places, and another 29 people have been offered places on a foundation year; a foundation year is different from a foundation degree. We do not yet know how many people will take up those offers because acceptances and rejections are still being processed through the system. It is for the university to manage the practicalities of how that will be taken forward. However, I stress that any over-allocation of places is across 14 subject areas. It is not about one single subject area; it is across a faculty of the university, and it is only at the University of Ulster.

A number of implications arise from that. First, there is concern as to why it happened. It is normal practice for students to be notified of acceptance notifications through the UCAS system rather than through the universities. Therefore, the e-mail was not something that the university needed to send, but it was sent regardless. We need to find out what happened with the computer system, why the e-mail was sent and whether it needed to be sent, given that there was an inherent risk in doing so. The

university has asked its internal auditors, KPMG, to produce a report on the matter and, in due course, I will consider that as well. Obviously, we have certain accounting responsibilities for the university.

The second issue relates to finance. There is the potential for the University of Ulster to breach its maximum student number (MaSN) cap. As you appreciate, the MaSN cap is a means of financial control for universities. It is something of a blunt instrument, in that it does not properly take account of part-time students. You also know that, last year, we took GB students out of MaSN. Therefore, we are committed to reviewing MaSN as part of the higher education strategy.

Universities will routinely overshoot or undershoot the number of offers made to students. That is never an exact science, with the hope being that those overshoots and undershoots will even out across a university. Where a university overshoots, the Department needs to make a financial adjustment to its grant in the following year. That is because additional student support costs arise from the number of students taken in above the MaSN cap. That cost falls to the Department.

The Chairperson: What sort of figure are you talking about?

Dr Farry: That remains to be seen. It will not be until December that we get the final student intake figures from universities. It is possible that we will see a MaSN breach of 100. It is possible that the university may be able to manage — even with taking an additional 100-plus students into engineering — within its MaSN cap. If it has under-allocated in other parts of the university, it is conceivable that it may be able to manage this within its existing limits. It will be December before we see.

The Chairperson: The risk level is around £300,000.

Dr Farry: The costs to us would be in the region of £2,000 or £3,000 per student, so the adjustment will be in that order. This is something that happens fairly routinely. There have been breaches of MaSN caps by universities in the past number of years, so we do this regularly.

The Chairperson: I am happy enough with the explanation. I just wanted to cover some things that had not been brought up in your opening statements. Members will want to pick up on certain issues. Others may want to do so, so I will not go down the avenue of student flows as a result of tuition fees.

Colleagues, try to be short and snappy, but I am happy for you to come in again later on, if we have the time. Do not feel that you have to get it all out in one go.

Mr D McIlveen: Thanks, Minister, for the information. I want to get a little more information about the announcement yesterday. You probably picked up from my question that I am quite convinced that there is a clear link between high levels of vocational courses and low unemployment. If we look at places such as the Czech Republic, Austria and other places that have done this, it clearly works. I am not for taking choice away from students. We are always protective of that: if a student wants to go down a particular road, I believe that they should be allowed to. Is there a mechanism in place with the universities that you could use to ensure that additional places are provided on vocational courses but avoid MaSN issues by making fewer places available on courses that may be considered to lead to less employability at the end? Can something be done in the universities to ensure that there is not a disjoint between what is going on in academia and in the employment world?

Dr Farry: That raises a whole range of issues. First, we need to be driving up skills across a very broad front. We need people to think about higher level skills. That does not exclusively mean the traditional academic degree; it applies to vocational training, and it is important that people are aware of the range of activities and that, as a society, we do not create a false hierarchy between doing A levels and a degree and other types of courses. As you are aware, other societies do not have such a hierarchy. Look at them and you will see that the Germanic countries have a lower figure for participation in traditional pure higher education than we do. By the same token, they have a much higher level of vocational training.

From a different angle, the more that young people — particularly those who may not wish to pursue a traditional academic route — know that they have other avenues of vocational training, the better that they do in academic subjects. Therefore, people who are accessing and engaging with vocational training will, in turn, do better in their basic maths and English GCSEs. We know that there is no such thing as a pure vocational route. People need to have a mixture. The main tool for mixing academic and vocational routes that we advocate is the use of foundation degrees. As a number of you have been very keen to keep stressing, our further education colleges are also higher education providers,

and we want to double the uptake of foundation degrees over the next three years. It is an ambitious target, and it is one that we are committed to.

The Chairperson: Not everybody agreed that it was ambitious enough.

Dr Farry: I know, I know. What can I say? Catherine, do you want to say something? You are very passionate about all of this.

Mrs Catherine Bell (Department for Employment and Learning): I am. We know from evidence that the mix of vocational courses with academic ones, particularly from age 14, benefits people of all abilities.

You asked specifically what we are doing with universities and about freedom of choice, but, for the first time, the additional places were allocated only to the areas of priority skills in Northern Ireland. That is one way. We have never done that before. We did it when we got the additional 300 PhD places by reallocating them to the areas of need in the economy. The balance has to be struck between allowing student choice and guiding students into more vocationally related degrees.

If young people sample vocational courses at age 14 or at 17, when they move into lower sixth or year 13, they get a better idea of what is available to them. If they also get access to our independent careers advisers, who can encourage them to keep their choices open rather than restricting them at age 14 with their GCSE choices, and particularly with their A-level choices.

Mr D McIlveen: I welcome that, Catherine; it is brilliant. It is quite frustrating when we look at the economy and the shortage of skills. When we look at the clearing system once the A-level results come out, there are lots of vacant spaces — I am conscious that we are in public session, so I have to be careful about what I say — in Canadian studies and ethnomusicology —

Dr Farry: And politics.

Mr D McIlveen: And politics, absolutely. When it comes to the economy and economic needs, such courses are possibly at the cost of more useful degrees.

Mrs C Bell: What we need to focus more on — we had started this, but it does not get enough publicity— is our labour market information fact sheets, where each of the sectors under the sector skills councils produces information on the type of vacancies, which they do not detail, the type of promotion opportunities and the types of salaries that exist. That gives young people and their parents information. A lot of influence comes from parents. Some parents say, "I want my child to do medicine, law, accountancy or teaching."

The Chairperson: Catherine, that is a very useful point that we will pick up on in our careers discussion. We should remember that that information is available and that we need to get it out there.

Mr P Ramsey: You are very welcome, Minister. Your statement to the House yesterday on widening participation was a good one. How do you synchronise that with the NEETs strategy, for example? It is important to keep the ongoing engagement with the voluntary sector, which is providing the training. We do not know when the exit strategy for the Department for Employment and Learning will take place, but I share the Chairperson's concerns about the morale and motivation of staff in the Department across Northern Ireland being at an all-time low owing to the uncertainty.

When will the Department know the figures for the number of applications to all the colleges to establish how oversubscribed they are?

The Committee has been taking an interest in the North West Regional College, and I was severely disappointed that the terms of reference for the review were released during recess.

The Chairperson: Will you take that in two parts, Minister? Pat, we can come back to your question about the North West Regional College in a moment, but I want to focus on your first question about the numbers.

Dr Farry: There are two aspects, and I will bring Nuala in in due course. First, I am conscious that we have a number of different strategies, and the Department is undertaking to ensure that all of those are properly integrated with one another. A very common theme in the NEETs strategy and the strategy on widening participation is that of engaging with communities. In one sense, that refers to young people who are at risk, and it also refers to young people who are at risk of missing out on an opportunity because no one has encouraged them to take things up even though they have the underlying talent and skill to benefit from higher education.

We need to take a little bit of care with how we analyse the figures on student flows. We think of it as two different aspects, the first of which is the numbers of applications. Overall applications from students in Northern Ireland for entry into the 2012-13 academic year saw a drop of around 4.5%. Applications to universities in Northern Ireland have been constant, but there has been a significant drop — of around 14% on average — in applications to universities in England, Scotland and Wales. Among other things, the difference in tuition fee policy is having an impact on students.

The second aspect is acceptances. We will not have the final figures until later this month, because clearing is still in operation. Young people are still being processed through that system.

I will jump ahead and interpret the second part of your question. Although the overall number of applications is dropping, there are people who do not take up a place in Northern Ireland who may wish to do so. Some people will leave Northern Ireland through choice, and some people will leave Northern Ireland through necessity or lack of alternatives. The provision of higher education reflects the historical trends. For us to make a massive investment in places locally will require a large outlay of resources that we do not have. Nonetheless, you will appreciate that we announced an increase of 700 in MaSN as part of the tuition fee settlement. That is now working its way through the system. If we have very clear evidence that we have problems with increased demand from the historical baseline to local universities and, moreover, with grade inflation, we would go back to the Executive to bid for additional resources. By problems with grade inflation, I mean that the trend is that people from lower socio-economic backgrounds tend to do less well at A level. That is not because of any difference in their inherent intelligence but is simply a reflection of the opportunity and support that they have received. If it is people with lower grades who are squeezed out of local universities and are forced to consider going to Great Britain, with its higher fees, or simply opt out of the system, that becomes a much bigger problem.

The Chairperson: I will close this particular bit down. When the figures are out following clearing, it would be useful for you to come to talk to us about that.

Mr P Ramsey: Minister, you know that the Committee and the parliamentarians from Foyle have an interest in the North West Regional College. Given the Committee's interest, it was a major disappointment that the terms of reference for the review were released during recess. I thought that we were to be consulted on those. The worrying aspect of that is that the key areas of redundancy and core governance issues are not included in the terms of reference. Prior to recess, I had asked to talk to someone in the Department to discuss the terms of reference, because I have an interest. That did not materialise. I am meeting the person who is carrying out the review this week.

The Chairperson: Pat, I think that the Minister has got your point, and he will respond.

Dr Farry: I appreciate Pat's question, and I appreciate the Committee's interest, particularly Pat's interest, in the matter over the past year. However, there are inherent dangers in how far we wish to pursue what are essentially an FE college's detailed operational matters. We have facilitated detailed discussions and reviews over the past year, including how the redundancies were taken forward. The review that is under way has been agreed between the college, the unions and the Labour Relations Agency (LRA). Therefore, all the key stakeholders have agreed to the terms of reference. That review is about industrial relations in the college, not a review of the redundancies. We have already considered how the redundancies were taken forward. Minor procedural issues were identified by PricewaterhouseCoopers (PwC). A subsequent review was conducted into the business case for the redundancies, and, again, nothing emerged from that. However, it did point to a wider problem of industrial relations in the college. The process that is under way will deal with industrial relations in the college, and I certainly respect the independence of the arbitrator who was appointed from the LRA list.

The Chairperson: Can I just draw —

Dr Farry: I want to make one final point, Chair. I want to stress that redundancies and individual cases of redundancy can be addressed through tribunals, and that is where they currently stand. Therefore, it would actually be inappropriate for us to become any more involved in the redundancies, other than on general policy, as we have done up until now.

The Chairperson: OK. The point is on the record. I am going to give Pat one chance to come back in. Pat, you have had a chance to state your position, the Minister has come back to you and we can pick it up when we have more time. We have a lot of things to do.

Mr P Ramsey: I know, and I appreciate your indulgence on the matter, but it has to be clarified. PwC carried out a review on the process of redundancies in colleges in Northern Ireland. It did not carry out a review of redundancies in that college. That is a fact. The Committee is the major scrutiny body on employment and learning and a major stakeholder, yet we were not consulted on the terms of reference.

Dr Farry: There are two things to say, Pat. First, the PwC review was into the North West Regional College. Secondly, we have given considerable latitude to the Committee on the North West Regional College. The Committee is here to hold me and my officials to account. In turn, I appoint the chairs of governing bodies of the FE colleges, who, in turn, appoint the principals of the colleges. Therefore, you will see that there is a whole series of layers of accountability between the Committee and the college.

The Chairperson: OK —

Dr Farry: It is important that we are aware of that.

The Chairperson: OK. The point has been made, Minister. I am quite sure that there will be issues that we will want to talk up. We will revisit that issue when we have time.

Mr P Ramsey: Chair, very briefly on a separate issue, there was concern over the summer recess about the reduction in adult apprenticeships through the programme. Most Committee members received representations about that. Minister, perhaps you can comment on that.

Dr Farry: OK. A lot of people have presented this as a reduction in adult apprenticeships, but I see it as a restoration. When I took over as the Minister for Employment and Learning, the budget that I inherited had a zero allocation for adult apprenticeships. Therefore, the expected policy position was that we would not fund any apprenticeships for over-25s. We took the view that that was not appropriate for Northern Ireland, even though in England, for example, funding has been entirely phased out for those apprenticeships. We felt that it was important to make those types of investments.

We have maintained a 50% level of funding. It is important to understand that many adults are able to complete their apprenticeships quicker than young people. Therefore, in practical terms, because adults go through the system more quickly, the initial decision did not affect the numbers of people. There is also a public accounts issue in the over-allocation of public funds to contracting bodies that are able to process people more quickly than they had been paid for.

Secondly, we put adult apprenticeships and adult training on a sustainable footing. We appointed a review body, which involved a number of different stakeholders, to bring forward recommendations to me. Those recommendations were that we focus our investment in adult training around the priority skill sectors for the Northern Ireland economy. That is what we have done. We have restored funding for adult apprenticeships, but that is being taken forward in the key economic areas. Although there are people still working in other areas, they will be funded and allowed to complete their training. It applies only to potential new entrants.

Mr P Ramsey: Therefore, there is no financial reduction in adult apprenticeships?

Dr Farry: There is less money than there was last year, because we had to maintain funding across the board. However, there is now more funding to be taken forward as a baseline than was the situation under the original comprehensive spending review (CSR) settlement for the Department.

Mr P Ramsey: How much less money?

Mrs C Bell: We will need to come back to you on that.

Dr Farry: We will come to back to you with the precise figure.

Mrs C Bell: It is worth saying that although adult apprenticeships are reduced in particular areas — retail, health and social care, and so on — we still retain upskilling. The apprenticeship programme is skills- and knowledge-based, which is generally known as the technical certificate plus essential skills. People on the review group from areas such as retail and health and social care said that it was the competence and skills training that they were interested in as opposed to the technical certificate. The other thing to say is that our skills solutions people will go to any organisation that needs staff upskilled and work with them through skills solutions. Therefore, although there may be a reduction in adult apprenticeships, there are other ways for people to be skilled.

The Chairperson: We could talk about this issue all day. We will look at the issue of apprenticeships as they come forward and deal with them.

Mr Allister: Minister, anyone who believed the grandstanding of the First Ministers should be surprised to see you here today. You and the Department were meant to be long gone by now. It turned out, of course, that that was mere expediency for the politics of the moment. We have now settled back into the inequity of two Alliance Ministers in the Executive. What has been the effect of that hokey-pokey politics on the staff of the Department and their morale?

Dr Farry: There are a couple of things to say on that, Jim. You commented that there are two Alliance Ministers. I am here because the Alliance Party won so many seats in the previous Assembly election and qualified under d'Hondt for a choice. We have a second Alliance Minister, the Minister of Justice, in the context that any and every party had the opportunity to make a nomination on a cross-community vote. It was found that David Ford had cross-community support to be the Justice Minister. That is, in a sense, a reflection of the politics of where we are today.

It is wise that the issue of Departments be considered in the round. There are complexities as to how functions are to be redistributed, not just for the future of DEL but for any and all other Departments that need to be considered. A comprehensive review is the most sensible way of taking that forward.

You mentioned staff morale. We were very keen — Alan Shannon as permanent secretary took a lead on this — to communicate with staff regularly over what was happening. Furthermore, there was little direct risk to staff around their future. Almost all staff would have simply been redistributed alongside their function to somewhere else in the Northern Ireland Civil Service (NICS). Obviously, there was uncertainty around the Department, which was not overly helpful. However, I have to say, and I pay tribute to all my senior officials in this regard, that we rose above it. It is fair to say that in no way, shape or form did it impact on the performance of the Department or detract from the development of policy. We pressed on regardless. It was never the case of someone saying, "Let's drop that because we will not be around in six months' time." We addressed all issues.

The Chairperson: OK, Minister.

Mr Allister: But you acknowledge that someone, somewhere was just playing politics with the Department.

Dr Farry: This was a major political issue, and a number of political parties had expressed views over the preceding months that led us to the situation that we were in.

Mr Allister: Are you going to let us into the secret of what threat the Alliance Party made to sustain your position?

Dr Farry: The Alliance Party did not make any threats.

Mr Allister: I am sure not. Anyhow, you are with us in perpetuity.

Dr Farry: Probably not in perpetuity, Jim.

Mr Allister: You are the Employment Minister. Today, we see more statistics that confirm that, for 28 months consecutively, Northern Ireland has either had the highest or the second highest unemployment rate in the UK. That would suggest that, whatever the international context — in which, no doubt, great refuge will be taken — policies are not working. Again today, we hear that there are going to be draft strategies, working parties and consultations. In the meantime, jobs are haemorrhaging. You are the Employment Minister. What practically is being done that is showing results? Very often when these figures come out, somehow you manage to dodge being the spokesman. It tends to be the Minister of Enterprise, Trade and Investment, who takes refuge in telling us that we are not as bad as Europe, Uzbekistan or somewhere else. However, we are pretty bad, and you are the man holding the steering wheel on employment.

The Chairperson: OK, Jim, we have got that point.

Mr Allister: Why is it so bad?

Dr Farry: Thanks for that. It raises a number of issues that have to be addressed. First, on the Department's remit, we have responsibility for skills and investing in the supply side of the economy, and we are working on that task. On our employment responsibilities, we are here to help people into employment and to give them the direct training and employability skills to take advantage of opportunities. We are a partner alongside all other Departments and part of a collective Executive when it comes to addressing and investing in our economy. I am under no illusion, and no one else is, about the magnitude of the difficulties that face Northern Ireland at present. You said that that was clear evidence that our policies are not working. I do not think that that necessarily adds up. The converse would be that what we are doing is preventing a much worse situation pertaining in Northern Ireland than could be the case.

The Chairperson: Minister, Jim is talking about figures. This is actually the twenty-ninth consecutive month that unemployment has been that high. Furthermore, the claimant count is falling in the rest of the United Kingdom, whereas it is increasing here. That may be because we were perhaps a year late in implementing the issue that you might want talk to us about, which is your strategy for coming back in. There seems to be an element of complacency that youth unemployment is causing serious concern and is not being tackled. The question that Mr Allister is asking is this: who is responsible and who is taking the lead?

Dr Farry: First, there is no complacency whatsoever. This is a serious issue, and it faces us all. It is not just a case of 29 months' worth of figures heading in one direction. Over the past five years, since the onset of the economic downturn, we have seen a significant rise in unemployment in Northern Ireland — almost a doubling.

The Chairperson: Why is it going up in Northern Ireland and down in the rest of the United Kingdom.

Dr Farry: A whole host of different factors can explain that, and it is important that we try to disaggregate all of those. However, you can never isolate those in a very simplistic way to get a simple answer to all of this. In previous terms, we were moving in a different direction from the UK average.

The Chairperson: But not for 29 months. Jim, this is your floor if you want to —

Dr Farry: We can also stress that we are facing considerable levels of economic inactivity. One of the partial explanations for that is that we have had a partial drop in the level of economic inactivity, which is a good thing. The effect of that is that people who were inactive outside the labour market moved into the labour market but then became unemployed once inside. So, it is not simply the case that we have fewer people in work. Participation levels in the workplace have actually increased in the past number of years. We have been successful in taking people out of economic inactivity and into the labour market, but some of them have then become unemployed, which has had an impact on the figures as well.

Mr Allister: Minister, does there ever come a point when you say that your policies are not working?

Dr Farry: If our policies are not working, we will review them.

Mr Allister: Do you think that this is one is a success?

Dr Farry: No one is claiming success at this stage. How can you claim success when the figures are what they are? However, we have seen an increase in the participation figure in the Northern Ireland economy over the past number of years. It is at around 67%, which is far lower than the figure in most other regions of the UK, but at least it is moving in the right direction. For our society to be competitive, we need to raise the figure to 71% or 72%.

The Chairperson: We do not have time to go on talking about the issue. Minister, I said to you yesterday — and Mr Allister raised this matter — that the issue of unemployment, or lack of employment, is critically important to the Committee and to the wider society. I have to say that — and I am not being aggressive to you personally — I do not think that the Executive are rising to challenge of youth unemployment, and we need to do more. Mr Allister and others are right to bring this to your attention.

Dr Farry: Let me come back on that point, Chair. I concur that this is the major challenge facing society at present. It is the first item addressed in every agenda of the Executive. It is a standing item — the economic situation and unemployment. So, we do have such discussions.

In practice, the major concentration of unemployment is among 18- to 24-year-olds; something like 27% or 28% of unemployment is in that category. We have a bigger concentration than many other societies in western Europe, which is an issue, even though our youth unemployment figures are lower than some other places such as Spain, Greece, etc. The investment by the Executive to address youth unemployment is of a higher quantum than equivalent schemes in the rest of the UK, so we are doing more than others. We are having an information session on the youth employment scheme in two weeks' time, on 26 September, and the Committee is very welcome to come along to that. There will be people from the UK Commission for Employment and Skills attending.

Finally, we are looking to refresh Steps to Work. I encourage the Committee to get a briefing on the current consultation and our future policy intentions in that regard.

The Chairperson: I am keen for other folk to get in on other issues. On the last point, I put it to the Committee that there is an invitation to go to the launch.

Dr Farry: It is not a launch; it is an information day. The scheme has been launched for three months.

The Chairperson: OK. We will go to the information day. I am trying to be quite balanced on this. I note that the exercise was launched at the beginning of July, which is what you told me in your opening statement, and yet the figures are still getting worse. It has been a year since things started to improve in the rest of the United Kingdom. I would like the Committee to have its meeting at the Titanic centre. We will come along for that period of time. We will reschedule other items, because I think that it is really important that we look at this. We will also try to have a look at the briefing on the replacement of Steps to Work. I do not know whether we could do that at the same time. We will overlap with what we are doing on the issue.

Dr Farry: It takes a number of months to get such things up and running. We are not going to see what effect a new programme has on youth unemployment in the course of two months.

The Chairperson: I agree. To be helpful, I think that the communication exercise is a good thing as it lets people know that we are trying to tackle things. We need to get employers involved in these issues, and the Committee will get involved. Jim, have you finished?

Mr Allister: Yes. You urged us to be short and snappy, and I tried to do both.

The Chairperson: You did very well. That is why I was going to let you carry on had you wanted to say more. Fra is next, and then the Deputy Chairperson.

Mr F McCann: With so much toing and froing, I think I have lost my place. Jim raised a number of interesting points. We received the press release on the labour market statistics this morning. Although that provides an analysis by council area, it hides a multitude of sins. When you break it down on a constituency by constituency and ward by ward basis, it shows very concentrated pockets of unemployment that have been there for generations.

I know that the NEETs strategy was established to try to deal with that. I have raised this matter a number of times in the past. There seems to be a policy in a number of Departments by which, rather than getting at the pockets of unemployment and deprivation by working in partnership with community and voluntary groups in those areas, which have a working track record of trying to deal with it, they bypass it, or the partnership does not seem to be rewarding. I do not think that you will ever be able to deal with it or tackle it unless you have a real partnership with the people on the ground.

Dr Farry: On the issue of the NEETs strategy, most of the projects that are part of the strategy will be delivered through the community and voluntary sector. It is for us to release the money to them. It will not be our staff who are on the ground delivering it. We will issue invitations to tender for various programmes.

Nuala, will you give an update as to where we are on the NEETs strategy?

Mrs Nuala Kerr (Department for Employment and Learning): Overall, with the NEETs strategy, we are moving through to the implementation of a number of key aspects that you know about. One is to provide the education maintenance allowance (EMA) to the European Social Fund (ESF) projects, which is a measure that many community and voluntary sector organisations have been seeking. We hope to have that in place around the end of this month.

Dr Farry: That is ahead of schedule, which shows that we sometimes act more quickly than we say we can.

Mrs Kerr: We are also developing a family support programme that will work with the families of young people who are potentially NEET. Its development is well advanced. The third element that may be of interest to you is on financial support. We have developed a programme of innovation activities. Over the next couple of months, we will be going out to call on the various community and voluntary sector organisations to ask them to come up with new ideas for tackling the particular issues that you have talked about; namely, the pockets of young people who are in the situation you have described.

The implementation of the overall NEETs strategy is gaining traction and we will be engaging, as the Minister said, with the community and voluntary sector in a very significant way for the very reason that you gave. Those organisations know the young people involved, and they have the capacity and capability to help resolve some of the issues that the young people face.

Mr F McCann: I understand what you are saying and I have organised a number of local meetings between different Departments. However, engaging with the local community and working with it are two completely different things. I think that there has been a problem.

The Department for Social Development has been advised by DEL that programmes delivered at local level can be delivered in the Belfast Institute of Further and Higher Education or one of the other educational colleges, and that funding that normally would have gone into the community sector to deal with the problem at the coalface may no longer be available. This defeats the very purpose of the NEETs strategy. Although you may engage, no close working relationship will develop.

Dr Farry: There are two points to make about that matter, Fra. First, we are not pulling out of the community. If anything, we are doing the opposite. The pilot of the learner access and engagement programme is set to be mainstreamed over the coming months. That is an ongoing commitment to community-based learning.

However, I must say a word of caution. It is fine that we invest at community level, but there comes a point at which we need to talk about progression. We need to encourage people to get their initial confidence and make their initial investment in skills in the community sector. That is often more effective. However, we want people to bank that and then move into mainstream provision and press on with their qualifications and enter into — or, in some cases return — to work.

Mr F McCann: The local community have more invested in that than anyone else. As a matter of fact, they are the people who work with this day and daily, and I would not mind sitting down to talk to some of them. You would be quite frightened to compare the satisfaction rates of people progressing through local community programmes and others through some training schemes.

Dr Farry: And we use the community across a whole range of things, even in employment, for example, where we have, for example, the local employment intermediary service. I mean —

The Chairperson: I am going to stop this now, because, again, it is another topic about which we could talk more. I have sympathy with Fra's position. It is sometimes disheartening when community representatives, leaders and elected members tell the Department that this is the way it is, and the Department comes back and says: "No it isn't; we are already doing this, this and this, and it is all OK". This is information, this is part of the democratic process, and we need to find a way of engaging and saying: "Look; if there is a mismatch here, we need to sort it all out". I am sure that we will find a way of doing that in another venue.

Dr Farry: I think that today we are having a brief discussion and flagging up issues. We will facilitate officials to explore in detail each of these points.

The Chairperson: I appreciate that, and in my closing remarks, I will say that I am grateful to you for coming along and talking; it is wide-ranging. I just want to flag up the general point that we have talked about community engagement. There is a perception that it has been withdrawn. Even if that is not right, we need to deal with the issue.

Mr Buchanan: I would like to flag up an issue that I touched on yesterday. Minister, in your statement yesterday, you talked about catering for those with physical and learning disabilities and those in disadvantaged areas by providing courses for them in FE colleges.

Dr Farry: Yes.

Mr Buchanan: To provide them with a course is all well and good. The difficulty that has arisen is transport. I know some people with disabilities who have done one year's training and cannot do the second because of the change in the community transport system. I appreciate that it is not an issue for this Department, but unless there is joined-up working between this Department and the one that provides transport funding, the college programmes that your Department is providing will be fruitless, because these people, who we want to see get their training and get into employment, are still going to be left behind. There must be some engagement to get this back on track. What are you and the Department doing with the other Departments to try to get this restored?

Dr Farry: We will pursue the issue with the Department for Regional Development and make representations where there are emerging difficulties. I stress that there is a commitment to assisting students across a broad front in further and higher education. An element of the Widening Participation funding that goes to the providers is in direct support of people with a physical or learning disability so that they can engage in education. We also have a dedicated disability employment service and there is ongoing support for people in the workplace. Do you want to add anything, Catherine?

Mrs C Bell: No. The member is saying that the provision is there but that the issue is access to that provision, and that is something that we need to take up with the Department for Regional Development to see what the issues are.

The Chairperson: If you let us know what the issues are, that would be fine.

Mr McElduff: The first of two issues that I have is a subject that I feel strongly about; I raised it yesterday. How determined is your Department about addressing the issue of students from the North being blocked from admission to universities in the South? My specific example is that of a young girl from Cookstown who presently has 525 points — the maximum being 600. She cannot gain admission to University College Dublin or Dublin City University for a specific course, because they are disregarding 130 points that she achieved when she did one of her A levels early. She did one of her A levels in fifth year and achieved a grade A. They are disregarding that A-level score. There are hurdles in the way of students from the North gaining admission to universities in the South.

The Chairperson: We have that one point. We will come back to the second one.

Mr McElduff: How is that being tackled. Secondly, can you provide an update on the education maintenance allowance? Where are we with the review of the EMA?

Dr Farry: We are very aware of the first issue that you raised, and discussions have taken place with Ruairi Quinn. Ultimately, the Central Applications Office in the Republic of Ireland has control over this matter, and the Education Minister in the South has influence over it but not direct control. John O'Dowd and I made those points to him, and he is, in turn, working with them to find a solution.

To confess, Barry, the issue is not yet over the line, but it is one of which we are very conscious. The other aspect is that the A* grade is treated as a grade A, which also disadvantages local students. You will also be aware of the wider context for all of this. The Confederation of British Industry and the Irish Business and Employers Confederation produced a report on North/South student flows. This is not so much about the Department trying to tip the balance in favour of students going South versus students going to Great Britain; this is about ensuring fair play and fair access for students in Northern Ireland in having a free choice about where they wish to study and to ensure that we address any barriers and obstacles that may arise in that regard.

You will appreciate that the education maintenance allowance is a joint issue between the Department of Education and us. We have issued a public consultation on a range of options on the issue, and we await the responses to that. In due course, it will be for the Education Minister and me to take a joint decision on which, if any, of the options we will pursue.

The Chairperson: When does the consultation finish? I have seen the document.

Dr Farry: From memory, it will be late October/early November. There are issues regarding the efficiency of the education maintenance allowance that we have to address. There is no sense that we are seeking to abolish the EMA. It will continue, but we need to make some refinements to it. It is also important that people are conscious of what we are doing for student support in the round. That includes decisions about tuition fees, the financial settlement around that, and the other pressures on the Executive over resources.

Mr Douglas: I thank the Minister and the officials for their presentation. I have three questions, and I will try to make it very brief.

Dr Farry: Go for three, Sammy. Do not hold back.

Mr Douglas: I have two at least. First, Minister, you mentioned the University of Ulster report. It would be good if we could get access to that report. I was involved with the university at that stage. I asked questions, and I pay tribute to the university on how quickly it responded. A number of parents contacted me, and the university was more than helpful when I contacted it. We all make many mistakes. The university made mistakes, it put its hands up, and it responded very quickly.

Just before the summer, Chris, Fra and I were at e3 on the Springfield Road for a presentation about young people from disadvantaged areas who are alienated from society. They are the type of young people we were talking about this morning. They were getting awards for sport, including football. I was very impressed. Is the Department looking at any other aspects arising from the Olympics and the Paralympics, which took place during the summer, through which we can engage and look at new programmes, particularly for sport? If you want to engage young people, sport is one of the best things. Chairperson, I would not mind getting the Belfast Metropolitan College (BMC) team up to do a presentation.

Dr Farry: Football skills in the Committee.

Mr Douglas: Yes, I am the goalkeeper.

Sport is going to take off big time because of the Olympics.

Dr Farry: We are very happy to look at any and all of that in trying to find out how we can best engage young people. I was at that event for a bit in the spring as well, and I saw a lot of the young people. It was very effective. Our officials are talking to the BMC about the matter.

Mrs C Bell: I think —

The Chairperson: Hold on a wee tick, Catherine. There is an event coming up, which I have raised at Committee and on which we might find a way of working with the Department. The Commonwealth Games are coming up in Glasgow in 2014. That is pretty close, and it seems to me that we ought to be doing something in such areas.

Mrs C Bell: Working with our colleagues in the Department of Culture, Arts and Leisure, we are trying to encourage young people in further education, particularly the 16- to 19-year-olds, to develop a healthy lifestyle, including sport.

Mr Douglas: And discipline.

Mrs C Bell: Absolutely. At least one college this year has focused on how people develop social skills, because a lot of young people do not know how to behave or treat people with respect. Sport plays a great part in learning such things. Many of them say that unless there are UCAS points given for something such as this they will not do it, because they need their time for part-time work. This is the conundrum with which we struggle. A lot of colleges have really good facilities. Many have football teams, Gaelic teams and hockey teams, but not every young person takes up those sports.

The Chairperson: No, but it makes a difference for some young people. In education, we were looking at how some of the more progressive schools were teaching vectors to people who wanted to understand soccer tactics.

We do not have time today, but there would be some interest, given the support that Fra and Sammy have had —

Mr F McCann: I knew that the Minister took part in some of the presentations and spoke at the event. It encouraged young people who had dropped out of education. Sport was the carrot, and the stick was having to agree to the education part. The exciting thing about it was that kids bought into it and bought into education.

The Chairperson: We will put that down as an issue that we would be interested in hearing more about.

Mr Lyttle: I will try not to go over things that have been raised. The youth unemployment rate is of serious concern this morning, so I welcome the opportunity to hear more about the youth employment scheme and the employment programme, about which concerns have been raised in the community.

I welcome the commitment given to a joined-up approach to the careers guidance review, as a member who proposed the inquiry and has commissioned a fair amount of the research that will be drawn on in that inquiry.

The NEETs inquiry that the Committee conducted, as Committee members from the last mandate will know, identified robust careers guidance as being extremely important in tackling the issue of NEETs. David McIlveen said that we need industry-relevant careers, given the tight economic situation that we face.

On the issue of engaging with community groups to access hard-to-reach learners and give them opportunities in further education, I have met with representatives of a number of community groups that wanted to see the mainstreaming of the learner access engagement programme and noted that it had worked in getting hard-to-reach learners into further education opportunities. So, I welcome its extension.

I met DEL officials and proposed that it might be useful to conduct, through the Department and including the Committee, a round-table event bringing community organisations and FE providers together to discuss some of the pros and cons of the programme and how it could be improved. This might be a timely opportunity to host that type of event to ensure that the programme works as best as possible.

Mrs C Bell: I welcome your comments. We are pleased with what has come out of the learner access and engagement programme. It has given the community providers the opportunity to play to their strengths, which are in working with people who are hardest to reach, encouraging and supporting

them and helping them to access education, and the professionals can then teach. I will take back the idea of the round-table event with the colleges, and the learner access and engagement programme, because we want to extend it for NEETs and use a similar model to try to get to 16- to 18-year-olds as well as adults. We will come back to you on that.

Mr Lyttle: It would be good if the Committee could be included in that event, because seeing the issues at first hand is invaluable.

Mrs C Bell: Absolutely.

The Chairperson: I am always grateful for all the help that I get with chairing the Committee. Does anybody who spoke at the start want to say anything else? Perhaps you, David, as you spoke first? Is everybody content that they have had their say?

Members indicated assent.

The Chairperson: I appreciate your time, Minister. I thank you, Nuala and Catherine, for coming along and chatting to us. You will appreciate that the Committee is passionate and engaged from a very positive perspective. We would like to see where we can work closely with you. Obviously, there will be times when we will feel the need to raise challenging issues. Do you want to make any closing comments?

Dr Farry: We have covered a wide range of issues. We were very conscious that we would only scratch the surface of a number of different themes today. However, we have hopefully mapped out a number of areas in which more detailed consideration is needed and where the Committee wishes to engage. We will leave it to the respective officials to schedule a number of detailed briefings over the autumn.

The Chairperson: OK. Thank you very much for your time.

Dr Farry: We will see you soon.