

Appendix 1:

Draft Belfast City Council response to Success through Skills 2: the skills strategy for Northern Ireland

1	<u>General</u>
1.1	Belfast City Council welcomes the opportunity to respond to the recently published skills strategy for Northern Ireland as this seminal report and its recommendations will make an effective contribution to the future of the Northern Ireland economy.
1.2	<p>Belfast City Council is the elected voice of the people – the channel through which the views and best interests of its citizens are represented. Our role as a Council is to improve quality of life across Belfast. We do this by providing strong leadership and direction and by providing the most efficient and effective customer-focused services. Our Corporate Plan for 2008-2011 sets out six main objectives that aim to realise the vision for a better Belfast. The themes are:</p> <ul style="list-style-type: none"> - City leadership - strong, fair, together; - Better opportunities for success across the city; - Better care for Belfast’s environment - a clean, green city now and for the future; - Better support for people and communities; - Better services - listening and delivering; - Better value for money - a can-do, accountable, efficient council. <p>Our Development strategy has been built upon the Council’s unique bank of knowledge on how to deliver city development using a wide range of expertise, from support for cultural and the arts, through to planning, economic development, project management, tourism development and through the Belfast: State of the City initiative. Under the ‘Belfast: Capital City Strategy’, the Council works to drive a competitive Belfast forward as the economic driver of the region.</p> <p>The Council’s role in supporting and promoting economic development within the city is a key priority identified within the Belfast: Capital City development agenda and described in detail by the associated Local Economic Development (LED) Plan – ‘Staying Competitive’. The LED plan exemplifies the Council’s efforts to make Belfast a better place in which to live, work and do business. It represents a commitment on behalf of the Council to drive economic competitiveness and prosperity while consolidating economic and social cohesion.</p> <p>Our LED plan has a particular focus on enhancing skills and employability opportunities, and developing innovative ways of addressing the skills and employment challenges facing our city. In particular, City Council wishes to ensure citizens of Belfast are adequately equipped for the labour market.</p>
1.3	The newly published skills strategy for consultation and its key recommendations has significant implications for Council’s existing support for employability and skills development activities.

	<p>Council would stress it is keen to collaborate with DEL on a range of identified actions under two key priorities, namely:</p> <ul style="list-style-type: none"> - Connecting people and jobs - Enhancing the level of skills in our most disadvantaged communities
2	<p>The strategy sets out where Northern Ireland is now and where it needs to be if we are to compete globally and build a fairer prosperous society. Do you agree with the analysis and aspirations?</p>
2.1	<p>Council's priority is to create a successful, dynamic city by building sustainable communities and supporting economic growth and this balance between economic and social issues is a clear focus in our current corporate plan.</p> <p>Council is encouraged to read of the twin goals set in the Skills Strategy, that is, to raise the levels of productivity and social inclusion with Northern Ireland, within the context of the Programme for Government.</p>
2.2	<p>Council concurs with the view that the skills of Northern Ireland's workforce have an important role to play in helping Northern Ireland to reach its full economic potential. and that focus should be placed upon:</p> <ul style="list-style-type: none"> - those entering the labour market for the first time; - up-skilling the existing workforce; and - ensuring those currently excluded from the labour market are provided with the skills to compete for jobs, retain jobs and progress up the skills ladder
2.3	<p>However Council wishes to highlight the important roles 'cities' play in driving growth and productivity. Belfast, as the region's capital city, is the engine for regional growth and therefore success or failure in Belfast has deep resonating implications not just for its suburbs and metropolitan area, but for the entire economy of Northern Ireland. The importance of increasing economic activity levels amongst the Belfast population through skills enhancement and job creation is therefore central to NI's challenge and must be accounted for in any new skills strategy for the region.</p>
2.4	<p>Much has been written with regards Belfast's role as a regional economic driver. This is most recently detailed in a series of reports produced by Oxford Economics for Council on the flow of people, skills, spending and investment in and out of Belfast. Our quarterly economic indicator reports analyse existing economic data on a local and regional level and supplement the key trends with rolling consultations with industry experts. On a quarterly basis this approach continues to produce a worthwhile and relevant profile of the local economic environment, helping Council to adjust its responses and to tailor our support measures accordingly. We would be happy to share this information with DEL.</p> <p>The analysis provided within the skills strategy mirrors our analysis recently carried out by Oxford Economics including recognition of:</p> <ul style="list-style-type: none"> - high levels of economic inactivity – almost 30% of population of working age not in employment;

	<ul style="list-style-type: none"> - high concentrations of deprivation and inactivity; - over dependence of the economy on the public sector; and - increasingly high levels of long term unemployed
<p>2.5</p>	<p>Further research conducted by Oxford Economics on behalf of Council (Capital Flows Report 2009) highlights that challenges are magnified in Belfast owing to the bulk of the employment being located within the city. According to this recent research:</p> <p>Belfast city area is the major employer of persons living in and outside the city. There are currently an estimated 108,000 people who work in Belfast but live outside Belfast (in-commuters), up from 96,000 in the 2001 Census year, with higher levels of in-commuting expected in future. This represents approximately 55 per cent of the estimated total number of persons employed in the Belfast economy. In addition to this, there are daily flows of roughly 12,000 post-primary pupils who are resident outside Belfast, as well as inflows of shoppers, evening economy customers and domestic and international tourists. All of these flows together add to the infrastructure pressures on the city, as well as of course bringing significant economic benefits.</p> <p>Belfast is a service centre for the whole NI economy - one-third of all NI service sector jobs are located in Belfast. Belfast also has half of all NI's hi-tech manufacturing jobs, 3 in 5 computer and related service jobs and two-thirds of creative media and arts jobs. Belfast is also home to two-thirds of NI's largest 50 companies and one-half of foreign-owned businesses.</p> <p>The area is a magnet for service sector foreign direct investment (FDI) and attracts the majority of service sector FDI in NI (two-thirds based on Invest NI figures for planned investment by and assistance to foreign-owned client companies). The majority of inward FDI projects to Belfast are from US companies, followed by ROI and Indian companies. The most common activities are design, development and testing; retail; sales, marketing and support; business services; R&D and manufacturing (though with the exception of transport equipment/aerospace sector, Belfast attracts a very small share of inward manufacturing FDI.). From a productivity 'moving up the value-added chain' perspective, it is positive that several of these activities are high-end.</p> <p>While Belfast 'imports' food products, construction services and manufactured goods from elsewhere in NI (and outside), in return it 'exports' many of its services to the rest of NI (especially where the same level or quality of services are not available locally) and outside NI. Three-quarters of service exports originated from Belfast in 2006 (the latest year this date is available). Without Belfast's offerings in certain activities (e.g. TV, software, insurance, legal services), other parts of NI would have to import from outside the region. In other words Belfast's economic role is not 'zero-sum' – the regional economy benefits from economic activity in and from Belfast.</p> <p>Belfast is a Gateway for tourists and a provider of unique retail, cultural, entertainment and visitor opportunities which are not available elsewhere in the region. The area also provides specialist health services and has almost 130,000 annual hospital admissions by non-Belfast residents.</p> <p>Belfast is a provider of further and higher education. However the Belfast workplace economy is heavily dependent on commuter skills, particularly at the higher end of the skills and occupation spectrum. In the 2001 Census year, 33 per cent (one-third) of in-</p>

	<p>commuters' highest qualification was graduate level (NVQ 4/5), compared to 15 per cent for persons with no qualifications.</p> <p>From a more negative perspective Belfast contributes disproportionately to the number of people living regionally in disadvantaged areas. However, delivering economic growth in Belfast, which will be necessary to help to improve economic outcomes for persons living in some of Belfast's most disadvantaged wards (and thereby close employment differentials), will also benefit all residents and commuters.</p> <p>Looking ahead, in the short-term an abrupt end to Belfast's 'golden era' is predicted with almost 10,000 net job losses between 2008 and 2010 – equivalent to the gains achieved over the longer 4-year period 2004-2008. During the recession, the number of non-employed working age residents is predicted to rise by almost 6,000 and net commuting is projected to fall (as there are fewer jobs to commute to). Looking to the longer-term, the picture is more positive. Belfast, and urban economies generally, should return to enjoy growth as demand for 'graduate hungry' tradable service workers continues to grow and the national economy rebalances from domestic-led to external export-led growth. Belfast's contribution to total NI net employment growth is forecast to increase from 23 per cent between 1998 and 2008 to 27 per cent in the long-term (2010-2030), although this is not sufficiently strong, and commuters are still assumed to take a high proportion of jobs, to bring Belfast's resident unemployment level back down to its recent low.</p>
2.6	<p>Furthermore, similar research conducted by Oxford Economics in 2007 at a city council level again mirrors the trends as detailed in the Skills Strategy consultation document. Some of the key findings were:</p> <ul style="list-style-type: none"> • 47 out of 51 wards were below the government employment target at that time • 12 wards were projected to have employment rates of under 50% by 2015 (i.e. more people not working than working) • Disability Living Allowance (DLA) benefit rate was running at 13% compared to unemployment benefit at 4% (although this has now risen to more than 7%) – the long-term sick share of the working age population was forecast to rise to around 13% • Over half of the change in job stock in the decade ahead was expected to require graduate qualifications while less than 1 in 7 was forecast to require no qualifications • Despite the creation of 26,000 new jobs in the decade to 2007, the number of resident employed in Belfast (i.e. those living in the city) actually fell by around 6,000 in that period. To compensate, net in-commuting increased significantly in this period • Research undertaken more recently has shown that there are currently an estimated 108,000 people who work in Belfast but live outside Belfast (in-commuters). This represents approximately 55 per cent of the estimated total number of persons employed in the Belfast economy.
2.7	<p>Council recognises that skills are at the heart of a modern knowledge economy and agrees with the need for focus on higher end skills. As global competition reduces the ability to compete on price, increasingly quality becomes the key determinant of long-term growth. This is because global economic change requires a workforce that is both</p>

	highly skilled and flexible to ensure businesses can take advantage of new technologies. Skills improvement is therefore critical to Belfast if we are to position ourselves as an economically competitive city, and region.
2.8	However Council would argue that increasing employment levels cannot be done by completely ignoring the lower value added sectors as these can potentially provide an avenue through which people can get into employment (or back into employment). There needs to be considerable focus on skills development, with detailed work required on what skills are needed for the current and future employment opportunities.
2.9	Although we recognise the important role of skills in a developing urban economy our research also quantifies and describes the extent of the 'two tailed' skills challenge for Belfast. On the one hand high end, graduates skills are essential to drive growth in high value sectors. On the other hand there is a need to tackle the inactivity problems as many of Belfast's citizens are, and will continue to be passed by future growth.
2.10	The persistence of long term unemployment in Belfast remains to be a major challenge for Belfast, particularly given the geographical focus in the north and west of the city. It is therefore imperative that future targeted interventions at community level are put in place in an attempt to break through the long-standing cycle of unemployment that exists.
2.11	One of Council's training and development programmes entitled 'Growing a Shared City' focuses on the needs of both council and inter-agency staff when delivering services in an increasingly shared city. An understanding of the political, social and economic benefits of diversity is key to the city's growth and should be reflected in the final skills strategy.
2.12	The significant challenge to maintain and improve the skills base suggests also suggests a need to attract skilled people to NI. Council agrees that for the workforce to grow to desired levels, a certain amount of in-migration of suitable skilled people will be required.
2.13	However with an outflow of graduates from Belfast universities and FE colleges seeking increased opportunities across the water, efforts must be made to retain and attract back graduates and well-qualified persons into the labour market - aimed at NI students graduating locally, NI students graduating in GB and NI professionals working in GB, ROI and beyond. Such a flow of skilled labour could help to address managerial and diversity of graduate subject weaknesses. Funding options should be explored to make graduate living more likely e.g., incentivising graduate living through stamp duty relief or repayment of student loans.
2.14	As well as attracting skilled people to NI, there is also a need to actively attract unskilled people for jobs that cannot be filled locally. This has been and still is an issue for NI.
2.15	Council is investing significant resources in attracting people to Belfast and making our city a better place to live. One of our key objectives it to promote Belfast as a place to do business and to help grow a sustainable, forward looking economy supported by a flexible and dynamic workforce. To achieve this we promote business start-up,

support business growth, foster innovation and development in key growth sectors, promote the benefits of Belfast as a dynamic business location and help create the right skills to match local business needs. Our key themes include:

1. Starting a business – we offer a business advice and signposting service to anyone thinking of starting a business in Belfast and hold regular enterprise workshops on a wide range of topics for small businesses and for those thinking about becoming an entrepreneur. We also host the Belfast Entrepreneurs' Network (BEN) and a discussion forum for businesses located across the city.
2. Growing your business - We provide a range of business development programmes to help ambitious businesses in Belfast enhance their own competitiveness and growth potential. Our high quality, practical support offers businesses at any stage of their development with specialist support on issues such as access to public sector, procurement, business improvement, internationalisation, financial management, franchising, product development, sales and marketing development and strategic planning.
3. Developing your business internationally - We provide a range of services for Belfast companies thinking about entering new markets. Our support is offered via World Trade Centre Belfast and covers all aspects of international trade including global sourcing, finding international business partners and identifying new customers. We also offer a free Investor Gateway service to companies considering establishing a base in Belfast.
4. Supporting our key sectors - We support key growth sectors that have the potential to make a significant contribution to Belfast's economy including advanced manufacturing, creative industries, environmental industries and independent retail. For each sector we provide bespoke programmes of support, offer an information and signposting service, act as a broker between the sector and other business support agencies and profile the issues that impact on the competitiveness of the sectors
5. Enhancing skills and employability - We develop innovative ways of addressing the skills and employment challenges facing our city. In partnership with others we work actively to remove barriers to employment for Belfast's citizens, improve access to employment and training opportunities, improve skills levels of the workforce and ensure that local residents can share in future successes. Our key skills and employability actions include:

- working in partnership with key agencies within the public, private, voluntary and statutory sectors to maximise impact and promote joint working and better co-ordination of services to workless people, employees and employers
- supporting targeted employability initiatives to help people find employment
- providing active outreach to engage workless people and increase access to services in disadvantaged areas

providing a mechanism to link local residents to new job opportunities and providing high quality customised training to give them the skills for the jobs

3	The strategy builds on actions from Success through Skills 1 recognising that there needs to be a step change in the skills levels of the workforce in Northern Ireland. Do you agree with the range of actions outlined in the document?
3.1	Council welcomes the development of a skills strategy based on the needs of employers and better alignment between demand and supply.
3.2	Understanding demand for skills is a key issue for Belfast and Council supports the recommendation to 'simplify the demand side advisory infrastructure' and to articulate employer demand and broker appropriate responses. We welcome the emphasis on incorporating the Sector Skills Councils, the Workforce Development Forums, the Future Skills Action Groups and the new 'Skills Solutions' service in achieving this goal. We would highlight that Council also acts as a broker between sectors and other business support agencies including the advanced manufacturing, creative, environmental and retail sectors.
3.3	One of the themes in the original 'Success through Skills' was 'understanding the demand for skills' with a focus on improving the quality of information available on the current labour market. Council is a member of the current LEMIS Stakeholder Forum and finds the sharing of real-time performance management information to be of significant value. Council would therefore urge DEL to consider the sharing of information on all Department programmes (such as Steps to Work and Pathways to Employment) at a citywide level to ensure a fully responsive approach to changes in the employment market. This intelligence would be an integral element of any future action plans and would allow Council (and others) to set in place a credible monitoring and tracking system so that we can not only identify progress but also look at ways of adapting our services to maximise outputs.
3.4	It is critical that anecdotal information regarding skills gaps, particularly at the high end, need to be continuously addressed as this will have a fundamental affect on future investment to the region. In understanding the demand for skills, Council recommends there should be greater engagement by universities and colleges.
3.5	In our view more focus should also be given to substantially increasing resource management knowledge at all levels of education and training in NI.
3.6	The strategy also proposes to improve productivity by increasing the skills levels of the workforce though education/pre-employment training, up-skilling those in the workforce, increasing skills in certain subject areas to reduce sectoral imbalances and increasing management and leadership skills at all levels.
3.7	The most effective training programmes are considered to be those tailored to both the business and the employee and therefore any future strategy must allow for flexible provision.
3.8	For many, individuals' travelling to another part of the city to undertake training requires two separate bus journeys which has significant cost implications to the individual. Council would emphasis that measures are needed to enable people to take part in training i.e., helping to cover the costs of childcare and travel. Council's Hospitality and Retail Training Employment (HARTE) programme addresses this issue.

3.9	Training and skills for migrants in languages should also be encouraged – not only the English language but also the technical language required for specific jobs. For example, Gems and Allstate NI hold classes to integrate migrant workers with staff from NI by training them together on the language for the job and this has yielded positive results in encouraging integration with the workplace.
3.10	Training and skills should be offered for migrants who have links in their home country or other countries. Opportunities should be created for these individuals to become ambassadors for NI in these countries or to become entrepreneurs or individuals with the skills to build trade links, thus growing the NI economy.
3.11	In the up-skilling of those in the workplace, Council is extremely well placed to serve as a strategic partner in enhancing the skills levels of the city's small businesses, especially with regard to the development of management skills.
3.12	With almost three-quarters of companies located in Belfast employing less than 10 people (73.5%) and 87.3% employing fewer than 20, the importance of the SME sector to our local economy cannot be overemphasised. Our economic development plan is heavily skewed towards the development of this sector in the city.
3.13	Through a wide range of structured programmes and initiatives to enhance competitiveness, we assist owner/managers of SMEs with the development of their management skills and practices in a bid to stimulate the growth of their business. Given our experience in helping stimulate SME growth, Council can play a fundamental role in encouraging more employers, especially SMEs and micro-businesses, to consider management and leadership training and development.
3.14	However for many small businesses, the cost of training, both financial and time-related acts as a barrier to develop and train their current workforce and this is particularly prevalent amongst SMEs. The skills strategy must address how the barriers to providing workplace training can be overcome e.g., offering Government grants for training purposes.
3.15	Council welcomes the recommendation to tackle the skills barriers to employment and employability. However with a myriad of schemes, initiatives, qualifications and strategies to address the issues of inactivity and skills development there is evidence of a worrying lack of clarity both in terms of individuals and employers as to skills levels, availability of schemes and points of contact (Belfast Skills Demand and Supply Research, 2008).
3.16	There is therefore a need for respective roles and responsibilities of central government, local government, the private sector and social, community and voluntary sector to be clarified and for a single skills contact point to be established providing information on all skills related issues to employers, the unemployed, recruitment agencies and universities.
3.17	Council's Belfast Skills Demand and Supply Research, 2008 reports that employers, particularly small businesses, are confused by the plethora of qualifications that are in the marketplace. They find it difficult to understand 'what means what' and to measure the weight of the various types of qualification offered from universities, FE colleges,

	training organisations, employers and community centres. Those sourcing migrant workers experience difficulties in interpreting and benchmarking international qualifications. There is clearly a need to identify the weighting of courses and their compatibility to sectors.
3.18	As well as addressing the lack of clarity with respect to skills in Belfast, steps must also be taken to reduce the duplication of services across the city. For example, in the last round of European Social Funding (ESF) 73 projects across NI were successful in drawing down funding for similar employment and skills related activities. Of these, 35 (48%) were focused on working within the Belfast area.
3.19	Careful consideration must be given to all issues holding back or restricting the ability of agencies to improve the skills levels in Belfast's least successful labour markets.
4	Given the pressures on public finances, which actions do you believe will make the most difference and should be priority?
4.1	We feel that the most pressing skills issues are to tackle inactivity and to ensure a steady flow of appropriate graduates to both work and live in the city. This is not to say that issues of skills progression, essential skills and management and leadership are not important but graduates and inactivity are in our view key priorities.
4.2	Although Belfast ranks in the upper quartile of UK cities in terms of those attaining degree level qualifications, it also has a disproportionately high level of citizens who have no or very low levels of qualifications. The deeper negative impact of the recession on poorer communities may further widen these inequalities and lead to more imbalanced growth, inhibiting the overall economic growth of the region. Steps must therefore be taken to enhance the levels of skills in our most disadvantaged communities e.g., developing learning neighbourhood programmes in the most deprived wards and delivering bespoke training provision to overcome skills disparities experienced by long-term unemployed, lone parents, people with disabilities, older workers and ex-offenders.
4.3	Council believes their needs to be a balance between graduate high-end skills and low-end skills. Research suggests that Belfast has an 'hourglass economy' – i.e. there is a shortage of skills in the administrative middle management occupations. According to employers, these gaps are harder to fill as more students pursue higher education rather than full-time employment or workplace training.
4.4	Skills are also not all about graduate qualifications. So-called 'business readiness' skills such as customer services, literacy, numeracy and professionalism are also important and often sited as key weaknesses in current labour supply.
4.5	As with all public agencies, Council is working hard to identify how we can maximise the impact of our interventions. To this end, in early 2009, Council commenced work with key partners on the development of an agreed employability and skills agenda. Since then, a range of meetings have taken place and a draft Belfast Employability and Skills strategy has been developed. DEL has been a key partner in this process and remains supportive of developing a collaborative approach to employability and skills in the city. We are grateful that DEL has provided a commitment to working with Council

	on delivery of some of the actions identified in our strategy and action plan, namely around two priorities including connecting people and jobs and enhancing the level of skills in our most disadvantaged communities.
4.6	Skills development activities are extremely complex and can therefore benefit greatly from cross stakeholder intervention. Council believes that working with other agencies and local employers will be a key component to the successful implementation of the new skills strategy as no one single organisation will be able to make the required step change in the skills levels of the workforce in NI.
4.7	The impact of the economic downturn also means all of the public sector needs to find radical new solutions to not only deliver better value for money, but also better local services more tailored to local needs. Council is pleased that the strategy highlights that lessons will be learned from other skills strategies across GB and Ireland.
4.8	We recommend that examples of best practice worth benchmarking against include 'City Strategies' which aim to tackle worklessness in the most disadvantaged communities in GB – many of which are in major cities and other urban areas. City Strategies are based on the idea that local partners can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to try out new ideas and to tailor services in response to local need. City Strategies have been explored through the work of the Belfast Employment and Skills Board.
4.9	Total Place is also a new initiative that looks at how a 'whole area' approach to public services can lead to better services at less cost. It seeks to give local providers the incentive to work together in new ways for the benefit of their clients and citizens and to identify and avoid overlap and duplication between organisations – delivering a step change in both service improvement and efficiency at the local level. The Total Place initiative should be considered.
4.10	To maximise the impact of council's interventions in the employability field, Council will join up efforts and work with DEL on an agreed agenda - avoiding duplication and overlap with the services and initiatives of the department and other key partners. We are currently working on the development of an integrated economic strategy for the city and would hope the department will agree to work with us on this in the coming year. Any agreed skills and employability related activity will become an integral element of this integrated economic strategy for Belfast.
4.11	A final priority for Council is that progress towards actions in the skills strategy must be monitored overtime to assess the ongoing performance towards achieving step changes in the skills levels of the workforce. Results in performance should be shared with key stakeholders to allow for interventions to be adjusted accordingly.
5	<u>Conclusion</u>
5.1	Council is in agreement that NI should aspire to compete globally, building a fairer and more prosperous society and we support the priorities and general principles set out

	within the draft consultation document. There are, however, a number of general and specific comments that have been outlined within this response document which it would like to see reflected in the final Skills Strategy for Northern Ireland.
5.2	Belfast City Council is grateful for the opportunity to provide a response to this consultation document and would welcome further opportunities to consult on how it can contribute to the implementation of this important strategy.