



Department for  
**Employment  
and Learning**

[www.delni.gov.uk](http://www.delni.gov.uk)

**DRAFT BUDGET 2015-16:**

**DEPARTMENT FOR EMPLOYMENT AND  
LEARNING**

**4 DECEMBER 2014**

**SKILLS**  
TO SUCCEED



INVESTORS  
IN PEOPLE

## **Introduction**

1. The purpose of this document is to invite views on the Department's draft spending proposals for 2015-16 in response to the Executive's draft Budget. The paper describes the importance of the work of the Department for Employment and Learning in contributing to the Executive's Programme for Government and Economic Strategy and assesses the potential impact of the Department's proposed Budget allocation on the programmes and services which it currently funds.

## **Background**

2. The Northern Ireland Executive's 'Draft Budget 2015-16' was published by the Minister for Finance and Personnel on 3 November 2014. The Executive's Draft Budget provides proposed Departmental current expenditure and capital investment allocations for the one year Budget period covering the 2015-16 financial year. To allow Ministers time to make decisions on priorities, the proposed allocations were presented at an overall Departmental level. The announcement of the Draft Budget triggered the public consultation period, the closing date for which is 29 December 2014. A copy of the Executive's 'Draft Budget 2015-16' can be accessed on the Budget website: [www.northernireland.gov.uk/budget](http://www.northernireland.gov.uk/budget).
3. Budget 2015-16 takes place in a very difficult fiscal environment. The draft Budget proposes significant reductions in the allocations to many Departments compared with their previous year's allocations. For the Department for Employment and Learning, the level of reductions being proposed is unprecedented. This presents the Department with the twin challenge of making very significant savings in order to operate within its budget allocation whilst identifying the necessary resources to continue to deliver and indeed develop business-critical services over the forthcoming Budget period.

## **Strategic Context**

4. We are beginning to glimpse what a successful Northern Ireland economy can deliver for our people, but the task of transforming the economy is not complete - indeed it is only just beginning. The local economy still suffers from productivity levels that are too low and inactivity rates that are too high to achieve the Executive's economic ambitions.

5. Building a strong economy is the only sustainable route to a safe, peaceful, fair and prosperous society. Recent economic improvements, including falling unemployment and rising output, come as welcome relief after a protracted downturn. These improvements have been delivered, in no small part, because of Northern Ireland's strengthening skills base.
6. The Northern Ireland Executive's Programme for Government and Economic Strategy are very clear that growth and prosperity for all will be attained only through a sustained, prioritised focus on skills. Research shows that skills are vital for:
  - attracting quality inward investment – both current and potential foreign investors state that the availability of a skilled workforce is the single most important factor in attracting them to Northern Ireland. For example, during the Northern Ireland G8 Investment Conference the current investors praised local universities and colleges for the quality and quantity of graduate labour in Science, Technology, Engineering and Maths (STEM) subjects and areas such as law and business services. They also were very positive about the strong relationship in Northern Ireland between business, government and academia;
  - innovation – skills help with the process of innovation itself but also in absorbing innovation and bringing new products or services to the market successfully;
  - export growth – the availability of skilled staff gives employers the confidence to expand into new markets;
  - employment and social inclusion – skills development is the best route out of poverty delivering a pathway to sustained economic participation; and ultimately
  - improved productivity and growth.
7. Northern Ireland's skills profile continues to improve but gaps remain when compared to the best performing regions and nations. The task of upskilling our people therefore remains to be completed. Northern Ireland has proportionately more people with low or no qualifications and fewer with high level qualifications. Skill pressures or shortages are being reported by our employers particularly in sectors that have potential for high growth and export success. Those same employers point out that the shortages are acting as a constraint on growth and competitiveness.

8. The Northern Ireland Skills Strategy '*Success Through Skills – Transforming Your Futures*' identifies the skills issues that need to be addressed in order to reduce the productivity gap between Northern Ireland and the rest of the United Kingdom by 2020. The strategy recognises the need for upskilling the current workforce, as Northern Ireland has a higher proportion of individuals in the workforce with no or low qualifications (26%). With 80% of the future 2020 workforce in work now, there is a real need to enhance skills levels to increase productivity and improve economic competitiveness.
9. The Skills Strategy recognises that, in order to achieve the skills pipeline required to underpin the Executive's economic vision and to improve social inclusion, transformational change is required. It sets out ambitious goals to deliver the higher level skills required by the Northern Ireland economy. It seeks to help people progress up the skills ladder and ensure a strong match between skills demand and supply. The Skills Strategy has a particular focus on the development of STEM skills that will drive growth (for example skills in biological sciences, mathematics, computer science, engineering and technology). Demand for these skills would become even more intense in a lower Corporation Tax environment with research showing that in some sectors, notably Software and IT, the demand for skilled workers would double in a lower tax environment.  
<http://www.delni.gov.uk/lower-corporation-tax-environment.pdf>

### **Role of the Department for Employment and Learning**

10. The work of the Department for Employment and Learning is crucial to the successful delivery of this agenda – ensuring Northern Ireland becomes the place of first choice for business investment and a beacon for delivering prosperity for all. The Department pursues its objectives through four main areas of activity, namely:
  - promoting the provision of learning and skills, including entrepreneurship, enterprise, management and leadership;
  - encouraging research and development, creativity and innovation in the Northern Ireland economy;
  - helping individuals to acquire jobs, including self employment, and improving the linkages between employment programmes and skills development; and
  - developing and maintaining a fit for purpose employment law.

## **Higher Education, Innovation & Economic Growth**

11. Northern Ireland's higher education providers play a vital role in meeting the skills needs of the local economy, not only by providing a supply of highly qualified graduates, but also through re-skilling and up-skilling the existing workforce. In terms of a wider global context, high technology, sustainable investment tends to follow the flow of knowledge and be anchored in a region with highly qualified and skilled people.
12. In recognition of the need to ensure that Northern Ireland's knowledge based economy continues to grow and attract investment, the Department has been committed to increasing undergraduate places in STEM areas annually within the sector. Since 2011, the Department has provided an additional 1,419 undergraduate places and was on course to increase this again in 2015-16 by 168. At postgraduate level, the Department is also committed to doubling the number of Postgraduate Awards by 2020, with funding secured to enable 351 new PhDs to be introduced between 2013-14 and 2015-16 at a rate of an additional 117 PhDs annually up to 2015-16 in areas of economic relevance. Five years ago, Northern Ireland ranked 12<sup>th</sup> out of 12 UK regions in terms of PhDs per capita according to the Knowledge Index (as published by NI Science Park October 2014). Northern Ireland has now risen to 10<sup>th</sup> on that list, with the potential to rise further by the end of the decade if funding is maintained. This rise will now be placed in jeopardy as a result of the proposed budget reductions.
13. The role of the universities is of critical importance in driving sustainable economic prosperity through high quality, internationally excellent research and translating that research into successful innovation through knowledge transfer, all central planks of both the Northern Ireland Economic Strategy and the Executive's very recently published Innovation Strategy in particular. Indeed, university income from business and community engagement reached some £92m in 2012-13.
14. Northern Ireland's universities are already underfunded by approximately £1,000 to £2,500 per student place in comparison to their English and Scottish counterparts in regard to higher education taught provision. This amounts to £39m annually. In regard to research, funding is also behind that of most United Kingdom nations as well, with Scotland providing £42 per capita in comparison to £27 per capita in Northern Ireland.

15. The proposed budget cuts will only emphasise the increasing disparities between the higher education funding provided to the Northern Ireland sector in comparison to the other administrations.

### **Further Education Supporting Business & Industry**

16. Further education colleges are by their nature attuned to the needs of business and industry. They are expert in developing and delivering an economically-relevant curriculum to a high standard which provides the skills that learners need and employers want. In the 2012-13 academic year, the latest year for which validated statistics are available, there were almost 156,000 college enrolments on professional and technical courses, which lead to qualifications on regulated qualifications frameworks. These ranged from courses at Level 1 to provision at sub-degree level, with most (around 120,000) being at Level 2 (GCSE equivalent) or above. Performance in terms of learner retention and achievement was excellent, with an average retention rate of 89% and an average achievement rate of 87% (compared to 80% in 2010-11). The further education sector has been operating with increasing efficiency over recent years. For example, the main unit of resource through which colleges are funded has not been increased in value since 2007. Over this period, the consumer price index has increased by around 21% for pay and prices, which colleges have had to absorb within a flat budget baseline. In addition, colleges have been required by the Department to deliver additional provision to the value of £4m per year over the past number of years as part of agreed efficiency measures. The rationalisation from sixteen to six colleges in 2007 also enabled colleges to deliver a number of organisational efficiencies. The further education sector is now operating to a high level of efficiency.
17. Colleges have excellent relationships with local, national and, increasingly, international employers which support the quality of their services and the Department is investing to develop this interface even further through the Employer Support Programme (ESP). The ESP is consistent with the aims of '*Success through Skills - Transforming Futures*'. It encourages further education colleges to engage with local businesses to develop the skills required to meet the aims of this strategy and supports the development of innovation skills through its projects within the colleges. It generates college engagement with companies and employees, thus enabling employees to progress up the skills

ladder, raising the skills level of the whole workforce and helping to deliver higher productivity. In 2012-13, colleges provided support to 253 businesses through 276 projects, while in 2013-14, colleges undertook 566 projects with 520 businesses.

18. The further education sector will have a major role in the delivery of the new apprenticeships programme as articulated in the recently published NI Strategy on Apprenticeships, *Securing our Success*. This will include participating in new partnership arrangements to be put in place to oversee provision, including curriculum design and the development of new awards/qualifications, meeting the specific needs of employers, the continued delivery of higher level apprenticeships and securing closer links with the higher education sector in order to enable progression. Further education will be a primary deliverer of Level 3 to Level 5 apprenticeship provision in line with the new apprenticeship model as reflected in the strategy.
19. The Department published the interim report of the review of youth training for consultation on 18 November 2014: <http://www.delni.gov.uk/review-of-youth-training>. This report proposes the establishment of a youth training system at Level 2 (equivalent to GCSE level), to unify existing professional and technical training options available to all 16–24 year olds and deliver a baccalaureate style award equating to 5 GCSEs at grades A\* - C, including English and Mathematics. The system will include employers in its design and delivery, integrate work-based learning for all participants, better match supply and demand for skills, and provide a progression route for young people to access an apprenticeship, mainstream further education at Level 3 and above, and sustained employment. Further education colleges are expected to be a key delivery partner for the proposed new system.

### **Rebalancing & Rebuilding the Economy through Skills in Industry**

20. Upskilling of the current and future workforce is delivered through a number of programmes including:
  - 7,299 employees have been trained since the inception of Customised Training in 2010. 1,559 unemployed workers have obtained jobs through the Bridge to Employment Scheme and 8,271 people have received World Host training in support of tourism in Northern Ireland. In total over 17,100 upskilling opportunities have been provided;

- Management Analysis and Planning Programme - 319 companies and 2,878 managers have participated since 2011;
- Management and Leadership Development Programme - 2,809 managers have participated since 2011;
- 510 graduates have participated on the INTRO programme since 2011. 92% of INTRO graduates continue in graduate level employment upon completion of the programme;
- 1,350 additional undergraduate places in economically relevant STEM subject areas by 2015;
- 351 post graduate places in STEM and economically relevant subjects by 2015-16;
- Plans for 20 scholarships in ICT and Engineering between Queen's University Belfast and the University of Ulster were launched in autumn 2014; and
- ApprenticeshipsNI - 26,732 participants started ApprenticeshipsNI funded training between August 2010 and January 2014.

21. Assured Skills is a Departmental programme which operates in close tandem with Invest NI programmes to support business growth. The ultimate aim of the programme is to attract high value, highly paid jobs to Northern Ireland and achieve the Executive's targets on productivity and wealth generation. The programme is open to Invest NI client companies that have committed to expand, as well as new inward investors who have committed to establish a facility in Northern Ireland. A key element of the programme is the delivery of bespoke training programmes tailored to meet the needs of the company. The intention is to have staff trained in whatever the client requires and "job ready" for day one of the company's operation in Northern Ireland. Subject to state aid rules, the Department funds an agreed and negotiated percentage of the costs of training. The skills gained in the Assured Skills pilots have all been at NVQ Level 2 and above or in highly paid jobs, and have demonstrated that Northern Ireland can deliver high quality, appropriately skilled people at a competitive cost to Foreign Direct Investment companies. The Assured Skills programme is a key selling point used by Invest NI in their offer of support to potential Foreign Direct Investment companies and gives Northern Ireland a significant competitive advantage over other areas in which they may locate. To date, Assured Skills has been funded via Invest to Save monies of £3m per annum.

22. There are currently 16 Foreign Direct Investment Assured Skills projects with signed Letters of Offer supporting the potential creation of 4,086 jobs with a total Departmental commitment of £6.3m. A number of other projects are in the pipeline. When all of the jobs are created they will be worth an additional £113m per annum to the Northern Ireland economy. The projects are mainly in the Financial Services, Information and Communications Technology, Legal Services and Advanced Manufacturing sectors.
23. Further Assured Skills interventions are designed to enhance the capability of Northern Ireland to respond to emerging skills areas, through either upskilling lecturers, providing conversion courses for graduates in economically important sectors, or creating pools of potential employees with the skills that investors want. Successful examples to date include the development and delivery of the Software Testers' Academy, Cloud Computing, Data Analytics, Sales and Marketing and CNC Machining.
24. In addition, any future reduction in Corporation Tax would be a significant factor in attracting Foreign Direct Investment companies. A lower Corporation Tax rate would, on its own, be likely to have a positive effect on local private sector investment and Foreign Direct Investment by increasing the return on capital to investors. In addition, a lower Corporation Tax rate means that businesses may have more post tax profits available for internal investment.
25. Northern Ireland scores high on many factors, for example, infrastructure, higher education, skills, etc, that make for an attractive host location for investment. The addition of a lower Corporation Tax rate would attract the attention of companies that have not considered Northern Ireland as a possible location before. This would increase demand for the Assured Skills programme specifically, and for a highly skilled supply of labour generally. Any reductions in the resources available for Assured Skills could undermine Northern Ireland's ability to maintain its competitiveness as a location for Foreign Direct Investment and to take advantage of the impact of any reduction in the rate of Corporation Tax.

## **Addressing Barriers to Work through Employment Services**

26. The role of the Department's Employment Service is to provide a quality service to help clients prepare for, find and retain work as early as possible. The service is tailored to individual clients' needs, helping them to address any barriers to work. The Employment Service delivers a number of 'back to work' programmes including Steps 2 Success, which replaced the Department's previous employment programme Steps to Work. This programme helped over 33,000 participants into sustained employment between September 2008 and September 2013.
27. The Employment Service Strategy *Working for Success* aims to provide an individualised approach to addressing barriers to employment to take account of the much more diverse client base who are accessing the Department's services. The Employment Service actively engages with employers across Northern Ireland to:
- supply employers with clients who match their recruitment criteria;
  - deliver a customised recruitment service to meet employers' business needs and to assist unemployed jobseekers find employment; and
  - help employers to meet their overall staffing needs.
28. The work of the Employment Service is crucial to tackling high levels of unemployment by assisting individuals find and retain employment and by delivering a quality service to an increasing employer base and assisting them to recruit a skilled workforce for a range of job opportunities. The Employment Service has a specific responsibility for assisting people with disabilities to progress towards employment, move into employment, and sustain employment. Through its Disability Employment Service, the Employment Service supported more than 3,000 people with disabilities via a range of pre-employment and in-work support programmes.

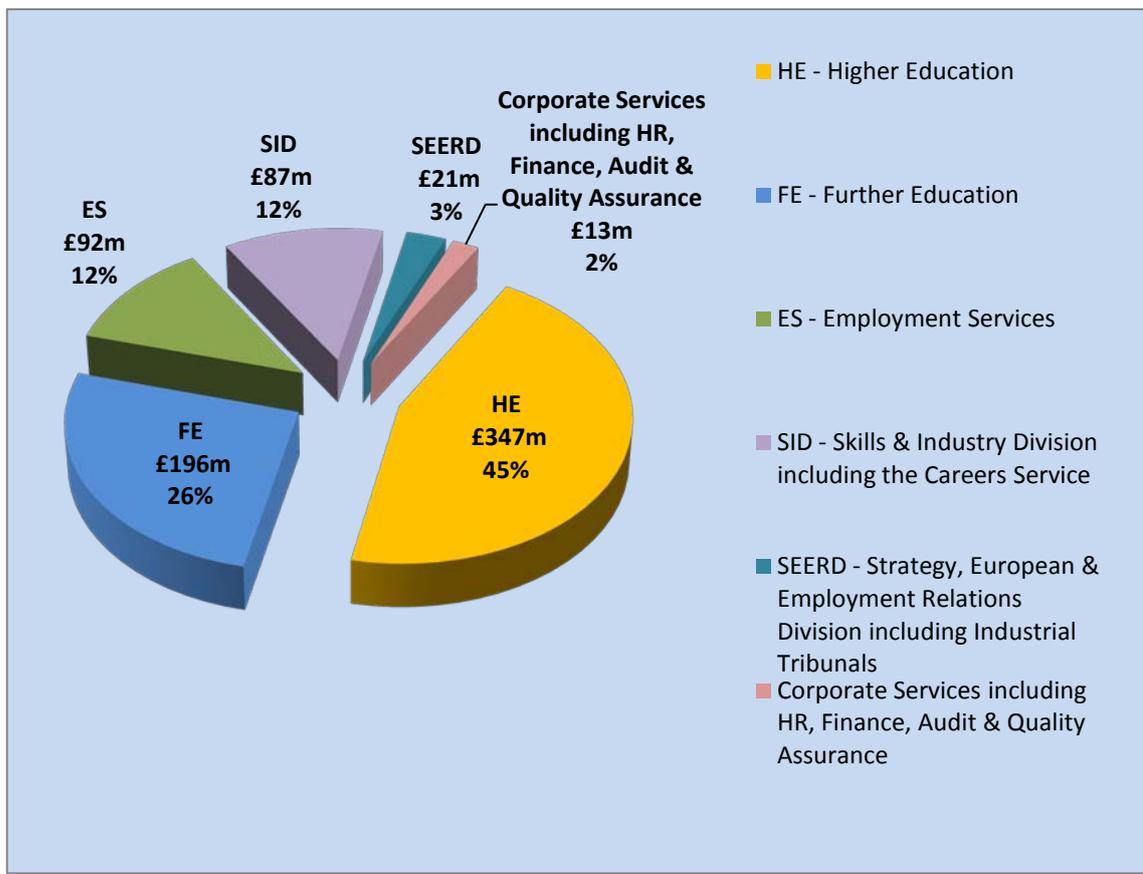
## **European Social Fund**

29. The overall strategic aim of the Northern Ireland European Social Fund (ESF) is to reduce economic inactivity and increase workforce skills. The ESF Programme contributes to employment policies to make progress towards increasing the overall employment rate and reduce inactivity in Northern Ireland (subject to economic conditions) by extending employment opportunities in



32. The Youth Employment Scheme was introduced in July 2012 to address high levels of unemployment among largely job ready 18-24 year olds who would, but for the economic downturn, have moved into employment. A total of 8,749 placements have been filled: 3,275 Work Experience placements; 3,097 Skills Development placements; and 2,377 Enhanced Employer Subsidy placements. 5,198 employers have signed an agreement with the Department.
33. Under *Pathways to Success* – the Department’s strategy for assisting those people not in education, employment or training – the Community Family Support Programme (which is one of the Delivering Social Change signature projects) has helped over 700 families address employment, educational, training, health, social and economic issues, delivered by a range of community-based lead partners. Also under *Pathways to Success*, the Collaboration & Innovation Fund has addressed barriers faced by those young people aged 16-24 who are not in employment, education or training (NEET). As at end October 2014 this programme had engaged with 4,820 young people and 2,529 participants had completed activities.
34. These programmes have yielded significant economic benefits on which the Department needs to build. Executive funding for these programmes will end on 31 March 2015.
35. The Department’s opening Resource baseline for 2015-16 was £756m. The analysis in Figure 1 overleaf summarises how those resources were to be allocated across each of the Department’s main spending areas, excluding non cash items in relation to depreciation and impairment.

**Figure 1: Analysis of the Department's 2015-16 Opening Resource Baseline of £756m**



36. The above figure highlights the fact that historically over 70% of the Department's budget is allocated to universities, Teacher Training Colleges and further education colleges. Of the £347m which is allocated to higher education, some £140m is provided for various forms of support that goes directly to students.

## Draft Budget Allocation 2015-16

37. The Executive's Draft Budget sets out proposed allocations to the Department for both Resource expenditure and Capital investment. Table 2 below shows the proposed budget reductions compared with opening baseline.

**Table 2: Draft Budget – Proposed Departmental Resource and Capital Allocations**

	2015-16 Opening Baseline Position £m	2015-16 Draft Budget Allocation £m	Reduction £m	% change against 2015-16 baseline
Resource	756	674	82	(10.8%)
Capital	55	33	22	(40%)

### **Resource Baseline**

38. The draft Budget for 2015-16 results in a net 10.8% cash reduction from the opening baseline figure of £756m, which equates to £82m. The funding previously allocated for the Youth Employment Scheme, the Economy & Jobs Initiative and Pathways to Success (totalling £35m) will cease at 31 March 15 as these were time-bound initiatives. This therefore represents a total cash reduction to the Department's budget of £117m in a single year, i.e. 14.8%, comparing 2015-16 with the budget in 2014-15. The Department is also required to absorb the effects of pay and price inflation.

39. It is worth noting that during the previous Comprehensive Spending Review period 2011-2014, the Department was required to make savings of £115m, as well as absorbing all pay and price inflation over a period four years.

### **Capital Baseline**

40. The Department was planning to invest capital of £50m in the higher and further education sectors, in line with the allocation in 2014-15. The current Budget proposals for the Department only permit capital investment of £33.2m which would mean a curtailment of the Department's ability to invest in capital projects

at the level of previous years' investments. The Department is examining the scope for using alternative capital funding mechanisms to support its capital investment programme.

### **Strategic Priorities for Employment and Learning**

41. Against the backdrop of unprecedented reductions in the Department's budget allocation, the Minister has proposed that his priorities are to grow and transform the Northern Ireland economy and to protect the most vulnerable in our society. These two priorities are closely linked as the provision of jobs and employment opportunities for those who need them most is best achieved by growing the economy, and ensuring opportunity for all. These priorities in turn lead to a focus on attempting to protect a number of programme areas from the worst effects of these budget reductions: such as ensuring the continuation of is a skills pipeline to support economic growth, continued provision of youth training, development and implementation of the new youth training employment and learning model, maintenance and development of Assured Skills Programme, development and implementation of the new, employer led Apprenticeships system and support for the most vulnerable.

### **Potential Impacts**

42. A resource reduction of £82m will have a significant impact on the Department's ability to deliver its key strategic services. In light of the size and scale of this reduction, the Department has considered and identified a range of options to begin to address the anticipated Departmental pressures in 2015-16. These identified reductions amount to approximately £33m, details of which are as follows in Table 3.

**Table 3: Identified Reductions**

Identified Reductions	£m
Roll forward of cuts from 2014-15 <sup>1</sup>	18.0
Steps to Success – contract management savings	1.5
Alternative delivery mechanisms for Investors in People	0.5
Reduction from 100% support to Management & Leadership programme	1.0
Reductions in skills support to industry	2.0
Removal of specialist and small institution premia to the Teacher Training Colleges	2.2
Departmental efficiency savings	2.5
Employment Service efficiency savings	3.5
Planned over-commitments	2.0
<b>Total</b>	<b>33.2</b>

43. After applying these reductions of £33m, there is still a significant balance of £49m of reductions to be identified. This will potentially be addressed through reductions in the Block Grant to universities, university colleges and further education colleges, along with further cuts to other Departmental divisions which will impact on the services they provide. The potential implication of these cuts are as follows.

### **Higher Education**

44. The two universities, Queen’s University and Ulster University have indicated that budget cuts of 10.8% in their funding could mean a reduction in excess of 1,000 in student places and 650 staff, which will impact upon their research infrastructure. This would have a major impact on Northern Ireland’s ability to provide the kind of highly skilled and qualified workforce necessary to support the rebuilding and rebalancing our local economy and meeting the demands from inward investment and local investors.

45. A reduction of over 1,000 student places next year would continue to have a knock on effect over the next three years, potentially consigning a significant number of young people to unemployment, or for those who can afford it, a requirement to leave Northern Ireland to seek a place in a university in Great Britain. This will be a drain on Northern Ireland’s talent pool as history shows less than 40% of students who leave Northern Ireland to study elsewhere ever return.

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<sup>1</sup> Part of £34m total savings rolled forward from reductions made to the Department’s budget during 2014-15

46. The level of reductions proposed for the Department would have a very significant and unavoidable impact on the universities, affecting capacity to provide the high level skills and qualifications necessary to grow the economy in Northern Ireland. Potential investors and companies wishing to locate to Northern Ireland do so because there is a supply of the types of graduates that they want to employ. This is one of Northern Ireland's biggest selling points and the implications of the budget cuts put this at serious risk.

### **Further Education**

47. The current further education baseline budget is £196m. Overall, the Department is spending around £160m on 16-19 year olds, over 50% of which relates directly to those participating in further education provision. The further education colleges have indicated that passing on the current level of proposed cuts of 10.8% would result in the withdrawal of well in excess of 16,000 places for 16-19 year olds (with Level 1 and below being particularly vulnerable) and a reduction of 500 staff.

48. The budget reductions in the further education colleges are compounded with a rates bill increase (on average estimated to be circa 15% or £1m for the 6 colleges) from the recent non-domestic revaluation.

### **STEM**

49. Narrow<sup>2</sup> STEM Higher Education and Further Education Places are crucial for Northern Ireland's economic development. Northern Ireland needs a strong critical mass of people qualified to Level 4 and above, including those with degrees. However, there is a particular requirement for graduates in Narrow STEM, which includes critical areas such as Computer Science, Mathematics, Physics and Engineering disciplines. A 10.8% reduction passed on to universities and further education colleges (with respect to Foundation Degrees) would result in the loss of hundreds of places that are core to our skills pipeline. The current expenditure on Narrow STEM at Level 4 and above is £39m per annum in Universities and £8m in further education colleges. The aim would be to protect this intervention from cuts.

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<sup>2</sup> Restricted to the subjects of Biological, Physical, Mathematical & Computer Sciences and Engineering & Technology

## **Skills & Industry**

50. The Department is discussing with the Department of Education the need to ensure that there are well designed and articulated educational pathways for young people, particularly as they make the transition from school to further education, training or employment. The new apprenticeship strategy, on which the Department has consulted, and the development of a new training system at Level 2 for young people, will be key Departmental programmes into which many young school leavers will progress. The proposed budget allocations will curtail the Department's ability to deliver these new programmes.
51. The Department's Careers Service plays a key role in improving the operation of the labour market and the functioning of education and training systems. Currently, 157 staff are employed in the Careers Service predominantly in frontline roles. This frontline service is potentially at risk from these cuts.

## **Employment Service**

52. Any reduction in the Employment Service budgets would inevitably see a reduced frontline service which is operated across Northern Ireland through a network of 35 Jobs and Benefits Offices and JobCentres. This would directly impact on the availability of services and programmes delivered to clients, including those associated with benefit entitlement and conditionality which in turn would contribute to an increase in unemployment. The ability to deliver quality services to employers would also be negatively impacted. It would also have an adverse impact on the range of specialist provision offered to people with disability related barriers to work throughout Northern Ireland. In addition a reduction in staffing costs would have a significant impact on the Employment Service's capacity to deliver the level of service required under JSA regulations and, if imposed, may lead to the withdrawal of further key frontline services.

## **European Social Fund**

53. A total requirement of at least £9m in match funding from the Department is required for the 2015-16 period to ensure that funding potentially available from the European Social Fund (ESF) can be drawn down for employment and training programmes in Northern Ireland. Inability to provide this level of support will result in a failure to draw down ESF funding. This would translate into a significant budgetary loss for Northern Ireland in areas that will help rebalance the economy towards sustainable higher value activity. In line with the local

Economic Strategy and Delivering Social Change agenda, this leveraged expenditure will ensure that all citizens are well placed to both generate and benefit from greater prosperity. Without this match funding the Department will not be able to deliver support for approximately 3,600 young people not in education, employment or training; 1,900 people with a disability; 5,800 people who are unemployed or economically inactive or 600 families in need of community family support. In addition it should be noted that these figures would also not be supported in the remaining six years of the programme if funding was not secured.

### **Voluntary and Community Sector**

54. A number of programmes and services provided by the Department are delivered through voluntary and community organisations. With budget cuts of this magnitude it is inevitable that these groups will be impacted by the reductions. In particular, this sector will be impacted by the discontinuation of Executive funds allocated to programmes such as the Community Family Support Programme and the Collaboration and Innovation Fund.

### **Protecting Frontline Service Delivery**

55. Faced with reductions of this magnitude the Department is examining a range of options to try and mitigate some of the impact on front line service delivery. These include:

- reducing Departmental administration costs through improving efficiency of delivery of services. This will involve participating in the proposed NICS voluntary exit scheme, which for the Department may involve up to 400 posts being lost. It is recognised, however, that the full cost savings may not be realised in 2015-16 as the voluntary exit scheme will not be fully implemented by the start of the year. The Department is currently completing a detailed review of where these posts could be identified in the context of protecting front line service delivery wherever possible;
- a review of how further education colleges could operate more effectively through, for example, development of shared services facilities;
- as part of the current review of youth training taking a more strategic approach to youth training and consolidating provision into a more streamlined set of programmes;
- better and more strategic utilisation of European Social Funds;

- working with the higher education sector to drive out inefficiencies;
- driving out duplication and deadweight throughout the provision of Departmental services;
- exploring the potential for increasing income; and
- reviewing ways to seek alternative funding mechanisms for capital projects.

56. Whilst these measures will contribute to savings to some extent, they will by themselves be insufficient to deliver the quantum of budget reductions facing the Department which will inevitably impact on service delivery.

### **Change Fund - Bids**

57. The Executive's Draft Budget contains a proposal to set aside £30m for reform projects. The Department has a number of new and innovative programmes/projects under development, particularly in the areas of youth training and apprenticeships and economic inactivity. These offer strong potential to align with the reform themes of 'invest to save' and preventative measures as they will help address employability issues including addressing economic inactivity in line with Programme for Government commitments, and provide essential skills for this age group. The Department intends to make bids to this Change Fund in order to enhance the resources available to deliver key Executive priorities.

### **Equality Impact Assessment**

58. The Department is committed to effectively fulfilling its statutory duties under Section 75 of the Northern Ireland Act 1998 across all functions including service provision, employment and procurement, through the effective implementation of the Department's equality scheme. <http://www.delni.gov.uk/es/equality-scheme-2011-to-2016.pdf>

59. The Department continues to give priority to promoting equality of opportunity and to good relations, and ensuring fair and inclusive delivery of its programmes and services. The Department delivers real social change by addressing the needs of those who are most disadvantaged in society and fulfilling our equality and good relations commitments. The Department continues to integrate all aspects of equality, and other policy proofing considerations, into its policy and decision making processes. The Department has a strong tradition of

mainstreaming equality and continues to ensure that equality factors are taken into account as it considers the development of new and existing policies.

60. Equal access to the Department's services is fundamental to ensuring that all can share in and contribute to the economic success of Northern Ireland.

61. The Department has undertaken preliminary high-level screening of the proposals in line with our equality obligations. This is currently being finalised and will be published on the Department's website as soon as possible.

### **Consultation Arrangements**

62. The Department has already taken steps to engage with a number of its key stakeholders, setting out the challenges for the Department's own finances and the anticipated impact of a Budget settlement.

63. The Minister has engaged with the Assembly's Committee for Employment and Learning in developing the Department's spending proposals.

64. Over the forthcoming weeks the Department will continue to engage with the Committee for Employment and Learning. In addition, we are publishing this document on our website: [www.delni.gov.uk](http://www.delni.gov.uk). We have also taken steps to inform our staff of the likely Departmental implications of the Draft Budget settlement. Business areas across the Department will continue to update their key stakeholders of the likely Departmental implications of the Draft Budget on the services which they deliver as part of their ongoing engagement.

65. We are interested in hearing views on any aspects of this document and the Budget settlement and proposals contained within it. We encourage all interested parties to make their responses as soon as possible before the consultation closing date of 29 December 2014.

66. If this document is not in a format that suits your needs please let us know. Contact details can be found below.

## Contact Details

67. Should you wish to make comments in relation to any of the issues contained within this document, a response form can be downloaded from the Department's website [www.delni.gov.uk](http://www.delni.gov.uk) and the contact details for consultation responses are as follows:

**Stephen McMurray**  
**Finance Director**  
**Department for Employment and Learning**  
**Waterfront Plaza**  
**8 Laganbank Road**  
**Belfast**  
**BT1 3LR**

**Telephone: 028 9025 7810**  
**Email: [budgetconsultation@delni.gov.uk](mailto:budgetconsultation@delni.gov.uk)**

Comments should be sent to arrive no later than **29 December 2014**.

68. In order to promote environmental sustainability respondents will not receive an acknowledgement letter. A list of respondents will be placed on the Department's website along with copies of responses (in full or in part). If you do not wish your response or name to be published on the website, please make this clear in your response to us.