

Department of Finance and Personnel Response to the Consultation on draft Northern Ireland EU Competitiveness and Employment Programmes 2007-13 launched on 20 December 2006

1. Introduction

- 1.1 Northern Ireland has been allocated approximately £325 million from the European Union Structural Funds for the period 2007-13. The new Structural Funds Regulations for 2007-13 include measures to improve the strategic focus of EU regional policy, including a requirement for all Member States to draw up a National Strategic Reference Framework, setting out their main spending priorities for future EU Structural Fund Programmes.
- 1.2 The UK's National Strategic Reference Framework (NSRF), including a separate chapter on Northern Ireland, was presented to Parliament on 23 October 2006 and established three high-level priorities for future Programmes: innovation and enterprise, skills and employment, and environmental and community sustainability.
- 1.3 On 20 December 2006, the Government launched a consultation seeking views on the two draft NI Competitiveness and Employment Programmes providing detailed proposals on how the £325 million could be spent over the next seven years in line with the priorities established in the UK NSRF. The consultation closed on 14 March 2007.
- 1.4 This document provides a summary of stakeholders' responses to each of the six questions put in the consultation. It also sets out the Department's position on these issues in the light of stakeholders' views.
- 1.5 The Department of Finance and Personnel (DFP) has developed the response in collaboration with other Government Departments, in particular the Department of Enterprise, Trade and Investment (DETI), the Department for Employment and Learning (DEL), and the Department of Agriculture and Rural Development (DARD).

1.6 There were 54 written responses from a range of local, regional and national organisations and others as set out below:

Respondent Types	No	%
Local Authorities	19	35%
Community & Voluntary Sector	14	26%
National and Regional Organisations	6	11%
Training and Education Bodies (including Higher Education Sector)	5	9%
Business and Trade Unions	4	7%
Political Parties, MEPs	3	6%
Rural Bodies	3	6%
TOTAL	54	100%
All Respondents came from Northern Ireland		

1.7 The draft Programmes are being revised in light of the outcome of the consultation and will be formally submitted to the EU Commission for negotiation and eventual agreement before end 2007.

2. Responses to the questions put in the consultation

2.1 **Question 1:** What are your views on the Socio-Economic Analysis relating to the draft European Regional Development Fund (ERDF) Competitiveness Programme?

40 respondents (74%) commented on the socio-economic analysis in the draft ERDF Programme. Of these, a large majority were either in full agreement or broadly satisfied with the analysis for Northern Ireland. However, a significant number of these respondents made suggestions for development and expansion of this section and many sought more detail on sub-regional disparities within Northern Ireland.

“In relation to question 1, we fully endorse the socio-economic analysis on which the presentation of the region is based... However, in many instances,

the figures produced for Northern Ireland as a region do not reveal sub-regional disparities, which in the case of a number of sub-regions represent even greater degrees of socio-economic disadvantage than that found in the Belfast Metropolitan Area”

Source: Business Women’s Network (NI)

“While we broadly agree with the socio-economic analysis, we believe that more reference should be made to social objectives at a Northern Ireland level especially in light of the ‘creating sustainable communities’ cross-cutting theme”.

Source: Carrickfergus Borough Council

5 of the 40 respondents who replied to this question thought the analysis was lacking or insufficient in certain respects.

“We further consider that the mention of the South as a ‘competitor region’ fails to grasp the potential benefit for the entire island of working together to attract investment and increase competitiveness through co-operation and sharing of expertise and resources”.

Source: Sinn Feín

“We suggest too that the SWOT analysis could have included a reference to the positive impact of Disability Discrimination legislation which requires reasonable adjustments and facilitates the accessibility of the labour market for disabled people. We suggest too that the analysis should include, as an opportunity, the current untapped labour market of disabled people”.

Source: Disability Action

2.2 Department Response on Question 1: The Department is pleased that most respondents have broadly agreed with the socio-economic analysis and notes the particular issues that have been raised. The Department accepts that the analysis does not provide detailed information on sub-regional disparities within Northern Ireland because the draft Programme is intended to reflect Northern Ireland’s overall needs as a European region at the NUTS II

level. However, the draft did refer to the fact that the socio-economic analysis was a summary version and a fuller, more detailed analysis (60 pages) addressing these types of issues is available. In recognition of stakeholders' comments this section has been revised including greater recognition of sub-regional disparities and the potential benefits of Northern Ireland/Ireland co-operation. The sections on the benefits of North South co-operation will also be developed.

2.3 **Question 2: What are your views on the labour market analysis relating to the draft European Social Fund (ESF) Employment Programme?**

43 respondents (79%) commented on this question and of these, a large majority was either fully or broadly satisfied with the labour market analysis. However, many commenters wished to draw attention to the negative effects of the 'brain-drain' in Northern Ireland and the need to support efforts designed to facilitate the integration of migrant workers.

"Meanwhile, it is reported that the 'brain-drain' is accelerating from Northern Ireland as increasing numbers of both undergraduates and graduates prefer to take root in Great Britain and the Republic of Ireland".

Source: Antrim Borough Council

"It must also be noted that the workforce of Northern Ireland is changing. The level of immigrant workers is much higher than at the start of previous EU Funding Programmes. Immigrant workers are now a critical aspect of our economy".

Source: Armagh City & District Council

A small number of respondents referred to a lack of sufficient analysis on the grounds of gender and religion and on a sub-regional basis.

"However, we strongly urge that this analysis be gendered so that the differential impact of all Programmes upon women can be considered. If this is done, then the target groups for all Programmes will become much clearer".

Source: Women's Resource & Development Agency

- 2.4 **Department Response on Question 2:** The Department accepts that the summary labour market analysis included in the draft Programme does not provide detailed information on the composition of the workforce broken down by gender: as much of this information is included in the full ESF socio-economic analysis, the relevant section in the summary version will be expanded.

Similarly, the Department is happy to acknowledge the positive impact of Disability Discrimination Act and this will be reflected in the revised text.

The Department acknowledges the concerns raised by stakeholders regarding the integration of migrant workers coming to live and work in Northern Ireland. The Department acknowledges that the 'brain drain' is a challenge for local policy makers and would hope that a more prosperous, peaceful Northern Ireland will encourage more young people to study and remain in NI and reduce the 'brain-drain'.

3. **Question 3: What are your views on the proposed strategy, priorities, key areas of expenditure and indicative allocations, with the focus on Lisbon Competitiveness priorities for the ERDF Competitiveness Programme?** 42 respondents (78%) commented on this question and the vast majority expressed broad support for the strategy and the proposed priorities while acknowledging the required focus on the Lisbon agenda. Most respondents welcomed the emphasis on R&D and innovation and supported the proposals to promote better links between business (especially SMEs) and the education and research sector. A small number of respondents queried whether the private sector in Northern Ireland could be expanded sufficiently to reduce the imbalance with the public sector. Most of the responses from Local Authorities called for more clarification regarding their role in the future delivery of the EU Programmes with specific references to Local Economic Development and potential Tourism-related activities.

Several commentators particularly welcomed the focus on Sustainable Development.

“The proposed strategy accurately reflects the socio-economic and labour market analysis... The aim of increasing R&D expenditure by local companies is exciting and provides greater opportunities for interaction with the Higher and Further Education sector. The potential for increased spin-out companies and the further commercialisation of university research combined with greater industrial links may be the key to growth in the NI economy”.

Source: University of Ulster

“LCC agrees with the overarching strategic objectives, priorities and key areas of expenditure outlined within the document and the fact that they must meet the Lisbon agenda. The document need to more adequately reflect the role of Councils in delivery of entrepreneurship and business development... The document makes reference to the fact that programmes will be available to all businesses regardless of size or type, this clearly identifies the role that Councils will have to play and again, given the RPA functions to be transferred this needs to be referenced in the document.”

Source: Lisburn City Council

A small minority of respondents queried whether there was a sufficient emphasis on R&D expenditure and called for specific commitments in this area. Others while agreeing with the overall strategy and approach emphasised the need to improve our underlying infrastructure to ensure that all areas of Northern Ireland can become more competitive.

“It was suggested that for enterprise growth and development, it is necessary to have the appropriate infrastructure in place (ie road, rail, air networks) in order to ensure private sector development. Although the remit of the programme is not directly targeted at large infrastructure projects, some Councils felt that it is necessary to extend the scope of Priority 3 in some way take these issues into consideration”.

Source: NILGA

- 3.1 **Department response to Question 3:** The Department is pleased that most respondents have agreed with the proposed strategy and priorities. The Department welcomes the acknowledgement by stakeholders that the focus on the Lisbon objectives is entirely compatible with national and regional strategies designed to create a more dynamic, business-friendly environment and promote the expansion of the private sector in NI to create sustainable growth.

The Department recognises the need for supporting infrastructure to complement economic initiatives and is pleased to note that the limitations on including large-scale infrastructure project within EU Competitiveness and Employment Programmes has been recognised.

The Department particularly welcomes the specific comments regarding innovation and R&D and the section on the proposed strategy has been expanded to better reflect the efforts to be made in this area.

The Department recognises that local government wish to be fully involved in the delivery of the Programme. Local government will be represented on Programme Monitoring Committees. When local government assumes its increased functions post RPA its delivery role in the EU Programmes will reflect these new responsibilities.

4. **Question 4: What are your views on the proposed strategy, priorities, key areas of expenditure and indicative allocations, with the focus on Lisbon Competitiveness priorities for the ESF Employment Programme?**
47 respondents (87%) replied to this question and nearly all gave broad support to the proposed strategy and priorities. However, a significant number of those who replied, approximately one-third, called for more efforts to be made in reducing barriers to employment eg lack of available childcare.

There were specific concerns raised by respondents, mainly from the Voluntary and Community sector, about the transfer of certain types of projects previously funded under the PEACE Programmes to the new ESF

Programmes for 2007-13. Some responses from the Local Government sector called for greater co-operation between central and local agencies across the education and training spectrum.

“We welcome the mention of certain excluded groups as the beneficiaries of the ESF Programme ie people who are unemployed, long-term unemployed or economically inactive, especially people with disabilities and health conditions, lone parents and older workers; young people not in education, employment or training; unemployed, long-term unemployed and economically inactive adults without the essential skills of numeracy and literacy and ICT; women and people with low qualifications. An important part of removing the barriers to allow groups such as women and lone parents to participate in ESF funded projects will be ensuring that child and other dependant care needs are met”.

Source: NICVA

“Joined up thinking and delivery will be required if skills and qualifications levels are to be improved and it is expected that the establishment of Workforce Development Forums will improve understanding of business needs”.

Source: Newtownabbey Borough Council

A small minority of respondents believed that there was too much emphasis placed on lower level skills within the Programme.

“Throughout the EU and in the innovative high-value added, economies elsewhere in the world there is clear evidence that the route to global competitiveness is in terms of increased high technology skills... This undue emphasis on lower-level skills will undermine all other efforts to develop the knowledge-based economy in Northern Ireland”.

Source: Queen’s University, Belfast

- 4.1 **Department Response on Question 4:** The Department is pleased to note that the majority of respondents support the proposed strategy and priorities

and that of those who commented on the indicative allocations, the majority believed the proposed breakdown was acceptable.

The Department appreciates the concerns of some in the Voluntary and Community sector that the new ESF Programme will include provision to enable the type of employment and skills activities currently funded under PEACE II to continue. It considers however that in a context of reduced EU funding for all Programmes that the original proposal represents the best way forward. It is emphasised that this proposal is not to fund PEACE projects from the ESF Programme but is to recognise that some worthwhile competitiveness training projects may emerge from former PEACE projects. The PEACE III Programme will fund reconciliation projects that could include those promoting local employment initiatives.

Regarding the involvement of national, local and regional actions in the implementation of the Programme, the Department can confirm that Local Councils can compete in open competition for projects to deliver the ESF activities. However, under the Review of Public Administration, DEL is not transferring any functions to Local Government. The draft ESF Programme document already confirms that the Programme will be implemented in partnership with key stakeholders and that the membership of the Monitoring Committee will reflect regional and sectoral interests in the Programme.

The Department is also pleased to advise that the draft ESF Programme document has been adjusted to emphasise that projects will be able to fund childcare where this would otherwise be a barrier to participation in an ESF project. The Programme will not be adjusted to include exclusively childcare projects that are the responsibility of other policies outside the EU Programmes. The draft ESF Programme already confirms that activities will extend employment opportunities in particular for those groups at a disadvantage in the labour market by helping people to combat inactivity, improve their employability, reduce personal barriers to entering employment and enable them to compete effectively in the labour market. Combating social exclusion will contribute to creating sustainable communities. The

Department agrees with those respondents who indicated that Priority 2 activities must be demand-led and address employers' skills needs. The Department has considered the comments made by some respondents regarding the scope for higher level skills activity within Priority 2. However, in view of the reduction in ESF funds, the Department believes that the main focus of Priority 2 should be on helping people without essential (basic) and level 2 skills in support of regional employment and skills policy. The Department has decided not to adjust the draft programme as a result of the consultation.

5. **Question 5: What are your views on the cross-cutting themes for both Programmes of ensuring equality, promoting good relations and sustainable development and creating sustainable communities?**

41 respondents (76%) commented on this question, the majority of whom warmly welcomed the inclusion of the cross-cutting priorities. Approximately one-third of those respondents made particular suggestions weighed mainly in favour of strengthening the arrangements for the implementation of the themes. A small number indicated that a full EQIA should be carried out. A similar small number expressed concerns about the need to minimise bureaucracy and not allow excessive monitoring to slow down the progress of the Programme. A small number of respondents gave a specific welcome to the environmental protection implications inherent in the proposals.

“The cross-cutting themes of ensuring equality, promoting good relations and sustainable development, and creating sustainable communities are an essential basis for any future programme. Local Authorities are compliant with the cross-cutting themes and “community wellbeing” is a key area of development through RPA. Building sustainable inclusive communities complies with local aspirations and also EU cohesiveness”.

Source: North Down Borough Council

“Our recommendation would be that since these Programmes are all to assist with the implementation and delivery of existing strategies, which have themselves had to take cognisance of equality, good relations, sustainable development and creating sustainable communities, there is no need for

additional implementation or monitoring of cross-cutting themes for these specific Programmes. The delivery of these should be a given. Further monitoring is an added and unnecessary bureaucratic burden”.

Source: Mr J. Allister, MEP

- 5.1 **Department response on Question 5:** The Department is pleased to note the positive response to the proposed cross-cutting themes which are consistent with those cross-cutting priorities in the UK's National Strategic Reference Framework.

The draft ERDF and ESF Programmes have been screened in keeping with Section 75 of the Northern Ireland Act 1998, and found no negative implications for equality of opportunity or good community relations so we remain content that our first conclusion that a full Equality Impact Assessment is not necessary remains valid. However, it is our full intention that equality issues will be given a high priority in the delivery of the Programmes. All expenditure will be included in relevant departmental equality schemes. The Monitoring Committee will be invited to establish a mainstreaming Equality Working Group. This Working Group will be invited to consider the merits of carrying out a full EQIA on the Programmes during Autumn 2007.

6. **Question 6: What are your views on the proposed management and implementation arrangements for both Programmes, including the simplified delivery structures, co-ordination arrangements with other Community Programmes and technical assistance proposals?**

36 respondents (66%) replied to this question and while nearly all welcomed the proposals to simplify delivery structures and minimise bureaucracy, a large number requested clarification on different aspects of programme management and implementation. The bulk of the questions came from the Local Government sector seeking clarification on the role of Local Authorities in light of RPA; the Voluntary and Community sector has asked for longer timeframes for project-funding and a small number of respondents raised queries on partnership issues and complementarity with other programmes. Several respondents queried why DFP should be the Managing Authority for

the draft ERDF Programme and proposed that DETI should have this function.

“The reduced funding context also means it is essential to secure greater benefit from structural funding delivered to Northern Ireland and that funding is used effectively. That means future delivery structures must focus on reducing the bureaucratic burdens associated with the delivery of Structural Funds”.

Source: Mr J Nicholson, MEP

“The future delivery of Structural Funds provides an opportunity for Government to utilise the new Local Government arrangements and the new Community Planning powers... In regard to the (ERDF) Competitiveness Programme, the Council requests that DETI is the Managing Authority but that the mechanics of structuring the programme management is formally discussed and agreed with Local Authorities, through the NI Local Economic Development Forum”.

Source: Banbridge District Council

- 6.1 **Department response on Question 6:** In Northern Ireland the Department of Finance of Personnel has overall responsibility for fulfilling the role of the Member State and will Chair the single Monitoring Committee to be established to ensure the quality of the implementation of the Northern Ireland ESF and ERDF Programmes

The Department for Employment and Learning is the designated Managing and Certifying Authorities for the Northern Ireland ESF Programme. The designated Audit Authority is the Internal Audit Service of the Department of Enterprise Trade and Investment.

The ESF Programme will operate throughout Northern Ireland. Activities supported under Priority 1 may be delivered by any relevant public, private, voluntary or community sector provider. Projects will be selected through

open competitions. Activities supported under Priority 2 will be selected subject to procurement in line with regional, national and EU requirements.

The Department of Enterprise Trade and Investment will be the designated Managing and Certifying Authority for the Northern Ireland ERDF Programme. The designated Audit Authority will be the Internal Audit Service of the Department of Enterprise, Trade and Investment. The split in responsibilities between central and local government will reflect their statutory responsibilities pre and post RPA.

DFP

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