

July 2009

# Regeneration Plan for Derry~Londonderry

Towards A Baseline Needs Analysis

Sector Discussion Document

Enterprise and Employment

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This document draws upon a literature review undertaken by PricewaterhouseCoopers LLP (PwC). The sources of which are provided in Annex C. The literature review has been supplemented by additional secondary research and examples of relevant regeneration initiatives taken elsewhere currently known to PwC. It does not constitute a recommendation or advice on the part of PwC and should be used for discussion purposes only.

## Purpose of this Document

The purpose of this document is to provide the Sectoral Working Group (SWG) with a starting point for their deliberations. The document presents an initial overview of the key facts and issues facing the sector in the North West as well as providing some examples of good practice from elsewhere, based on desk research undertaken for this process.

## Introduction to the SWGs

SWGs are one of the key input processes being utilised to broaden engagement and collaboration in the development of the Regeneration & Investment Plans and the Equality Impact Assessment (EQIA) which is embedded in this regeneration process.

They are an integral part of the Organisational Framework set up to develop the Plans and the EQIA. SWGs are designed to bring the experience, expertise and knowledge of the wider community to bear on the Plans and the EQIA and, as part of an overall Communications & Engagement Strategy, to create a new level of wider civic buy-in to the Regeneration of the city and region.

## Mission

Our Mission is to deliver Renewal – Economic, Physical and Social, building a stronger and more vibrant economy with increased prosperity for our city and region, in ways which ensure that opportunities and benefits from regeneration are targeted towards the most deprived groups in our communities.

In using the words “targeted/targeting” throughout this document we mean that, in developing all proposals for the Mark II Regeneration and Investment Plans, the proposals must demonstrate how they will bring about measurable improvements for those groups who have been identified as experiencing inequality, for example in housing, education, employment, and health.

In seeking to deliver this Mission we recognise:

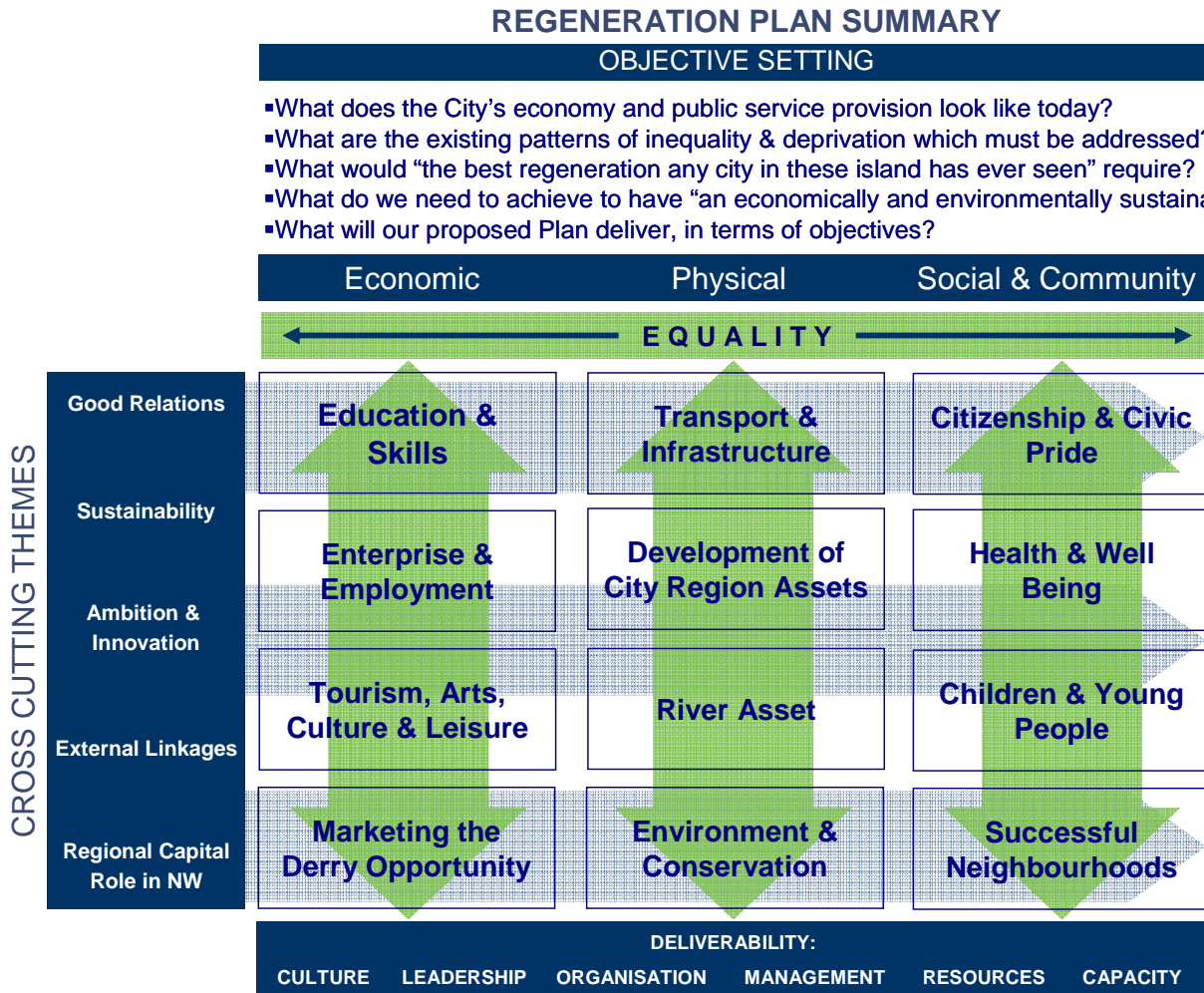
(a) that each of the elements set out in the Regeneration Plan Summary is an important part of the jigsaw which we must complete if we are to deliver sustainable economic and social development and be able to contribute to, and benefit from, a shared and better future based on equality – in which equality (as defined by Section 75 (1)) and good relations (as defined by Section 75 (2)) will be watchwords for action.

(b) nonetheless, although each of those elements is important in its own right, the paramount objectives of this new Plan will be:

- changing patterns by growing the local economy so that it can provide more jobs particularly targeted at groups identified as experiencing employment deprivation and inequality;
- promoting equality, in line with the NI Executive's Programme for Government, our statutory obligations and, in ways which impact positively on the lives of citizens through, for example, improved health, education, housing and employment; and
- building genuine partnership – based on stronger working relationships, trust and mutual respect.

## Regeneration Plan

The Regeneration Plan is summarised below:



## Organisational Framework

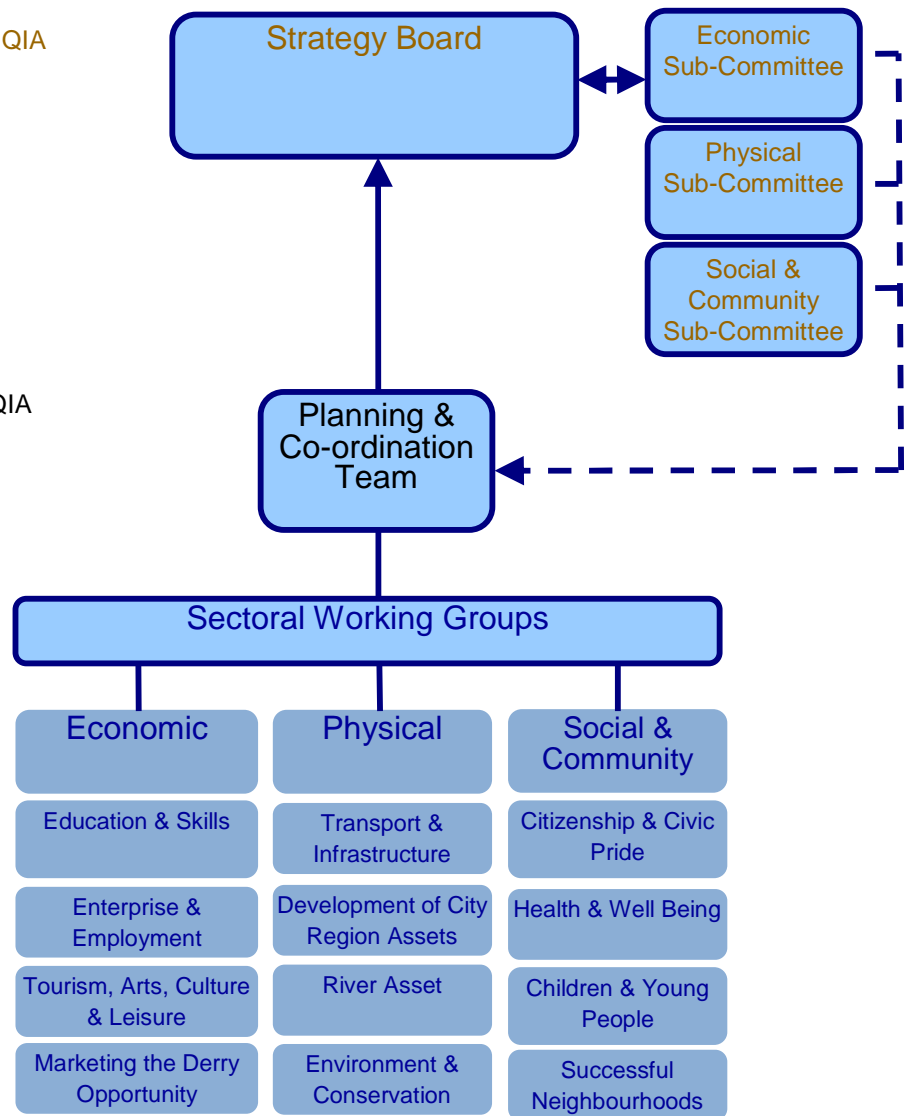
To deliver the “best regeneration that any city on these islands has seen” an organisational framework, which is designed to bring the best experience and expertise together with imagination and aspiration, to the task has been set up. The Organisational Framework is summarised below:

### Organisational Framework

High Level Strategic Oversight of Plan & EQIA Preparation  
Consideration of Key Strategic Issues  
Approval of the Plan

Preparation & Integration of the Plan & EQIA Secretariat & Follow-up  
Planning & Project Management

Input to Needs Analysis  
Strategies, Objectives & Priority Actions  
Consultation & Engagement



## SWG Workplan

SWGs are currently scheduled to have 8 meetings. By the end of meeting 5 (by 24th September) it is envisaged that each SWG will have supported the preparation of the EQIA and Regeneration and Investment Plans by:

- drafting a vision statement for the sector;
- reviewing and analysing existing and planned provision and activity in their respective fields and identifying existing inequalities therein for the purposes of ensuring any subsequent proposals can be targeted at fulfilling the statutory duty to promote equality;
- developing an understanding of inequalities within the City and wider region and how these effect, or are affected by, their sector in particular;
- developing an understanding of the economy of the City and wider region, and of their sector in particular, the issues and challenges that are facing it and which impact on economic growth;
- summarising and quantifying the current provision of public, private and community services to their sector as a baseline for the EQIA and Regeneration and Investment Plans;
- considering the roles and responsibilities of all statutory, public, private and voluntary/community sectors in relation to improving the sector including the effectiveness of current policies, strategies, programmes and structures, with a view to identifying elements that work well and should be developed further and those things that could be done more effectively. This analysis will consider all data, and pay due regard to data relating to inequality.
- assimilating quantitative and qualitative data relevant to equality and the sector into a needs analysis of the sector; and
- having given due regard to the existing inequalities and having considered possibilities to promote equality, inputting ideas that have been agreed as viable within the group into a long list of possible interventions and identifying strategies in support of these interventions.

The outline above is extracted from, and expanded in, the SWG Terms of Reference issued in the Launch pack.

## Output

The output of the SWG for this phase of the work (up to and including meeting 5) will be:

- A vision for the sector; and
- A baseline 'needs analysis' for the sector outlining existing inequalities and current levels of service provision and economic activity. This output will be collated with other SWG baseline analyses and the statistics and analysis of the Community Enumerators.

The Vision will complete section 2 of the SWG report output document template issued in the Launch Pack. The needs analysis will provide the basis for Section 3, (Sectoral Analysis), and Section 4, (Key Sectoral Issues) of the SWG Report to the Strategy Board.

Some questions to consider, as outlined on page 3 of the output document template, are as follows:

- *Does the data provided in the background report cover all the key issues? Please update for any gaps or omissions.*
- *Is the SWG agreed on the main challenges and issues facing the sector?*
- *What are the key inequalities within the sector?*

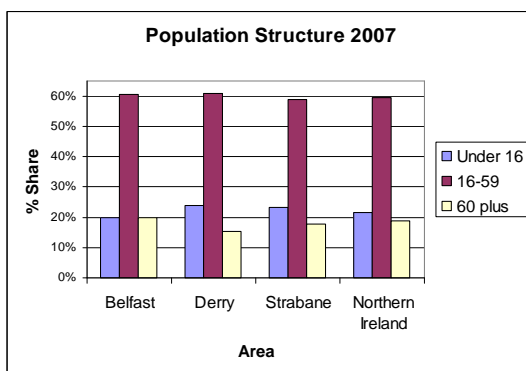
## “Where we are”

Key statistical information for the enterprise and employment sector.

### Population

- Derry is the third largest centre of urban population in Northern Ireland with approximately 108,800 people resident within the Derry District Council area.
- It has a comparatively young population with 28% aged less than 16 years and almost two-fifths (39%) under 25 years with a working age population now higher than the Northern Ireland average.
- The population structure illustrates a young population in the area together with a low proportion of older people (Graph 1). This suggests that there is a large potential workforce available compared with many areas in Europe where this is in fact decreasing.<sup>1</sup>

**Graph 1: Derry City Council area Population Structure Compared 2007.**



Source: NISRA

- Between mid 2006 and mid 2007 the figure for external out-migration in Derry was 1,503 with external in-migration at 1,502 for the same period.<sup>2</sup>

### Labour market

- Total economic activity for the Derry District Council area is 65.8% which is well below the Northern Ireland average of 73.4%. (Table 2 Annex A).
- Employment in Derry has changed significantly over the last decade with employment in the service sector replacing manufacturing as the dominant industry.
- This change is consistent with the situation in Donegal where there has been an historical dependence upon the traditional industrial sectors such as textiles, clothing and agriculture.<sup>3</sup>

### Summary

- Derry has a rapidly growing young population.
- Total economic activity for the Derry District Council area is 65.8% (NI average of 73.4%).
- The service sector has overtaken the traditional manufacturing sector as the dominant employment sector (84%).
- There is a heavy reliance on the public sector in the region.
- Derry has the highest claimant count rate of all the district Councils (6.2%).
- Median gross weekly earnings were 10.1% lower in Derry than those for Northern Ireland as a whole and ranked 17 out of the 25 Councils for which data was available

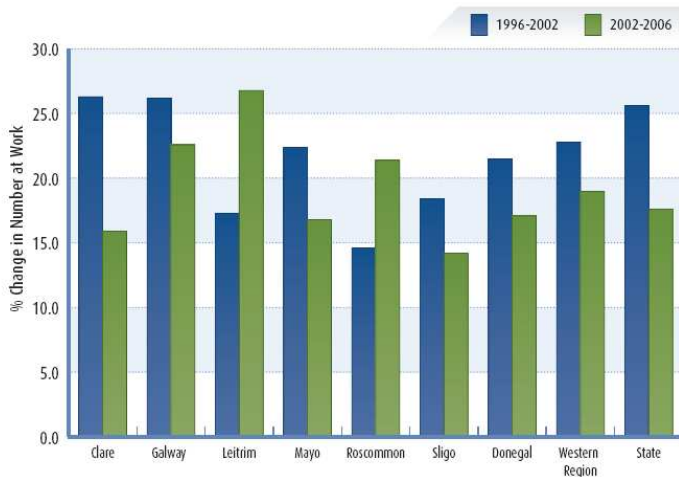
<sup>1</sup> Ilex: 'Summary of the Socio-Economic Conditions within the Derry-Londonderry area'. July 2009.

<sup>2</sup> NINIS: Northern Ireland Neighbourhood Information Service. 'Components of Population Change 2007

<sup>3</sup> Donegal County Development Board: 'Donegal County Strategy 2002-2012'.

- The picture from Donegal is similar to that in Derry, with a 22 percentage change in the total number of people in work between 1996 and 2002. The corresponding percentage change between for the 2002 – 2006 is 17<sup>4</sup>. (Graph 2).

**Graph 2: Percentage of change in number of persons at work in the western region - 1996 – 2006.**



- The service sector in Derry now accounts for over 84% of total employment with the manufacturing and construction sector accounting for 11% and 5% respectively.<sup>5</sup>
- There is a high dependency on public sector employment. The Derry Travel to work area has the third highest proportion of full time equivalent public sector jobs per 100 of the working age population in Northern Ireland. The health and social work sector is the single biggest employer within the Derry District Council area with over 8,000 employees. (Table 3, Annex A)
- The overall structure of employment in Derry is broadly in line with the rest of Northern Ireland, however, as our calculations within Figure 1 (Annex A) illustrate, Derry is more reliant on health, education and the hotel industry which may be expected with the existence of a University campus, a regional college and numerous hotels and bars.

### Unemployment

- As Figure 2<sup>6</sup> (Annex A) illustrates Derry City Council area has the highest claimant count rate of the NI District Councils with a figure of 6.2% . This is indicative of the structural change in the local economy due to the decline of the traditional industries of textiles and manufacturing.

<sup>4</sup> Western Development Commission: 'The Western Region – Key Statistics'. February 2008.

<sup>5</sup> Source: Northern Ireland Labour Force Survey 2007.

<sup>6</sup> DETI: Northern Ireland Labour Market Monthly Update. May 2009

- The number of employees in the manufacturing sector decreased by 33% in the North West between 2001 and 2005 compared with a 12% decrease for Northern Ireland as a whole.<sup>7</sup>
- Median gross weekly earnings in Derry District Council, at April 2008, were £375.6 per week. Median gross weekly earnings were 10.1% lower than those for Northern Ireland as a whole and ranked 17 out of the 25 Councils for which data was available.<sup>8</sup>

*A selection of ongoing Initiatives*

- The Local Strategy Partnership was successful in a bid for €2.6m under the EU employment programme. This programme will allow a proactive approach for engagement of both the unemployed and local employers in terms of securing employment opportunities for the local people.<sup>9</sup>
- Additional projects to receive funding were TRIAX, Cresco Trust, Creggan Neighbourhood Partnership and the North West Centre for Learning and Development.
- The main aims of the programme are to tackle unemployment and help people back into work. All five project recipients will offer a wide range of services primarily directed at assisting people regain employment.

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<sup>7</sup> OFMDFM: 'A Socio-Economic profile of the North West – Strabane and Derry'. 2009

<sup>8</sup> Source: 'Northern Ireland Annual Survey of Hours and Earnings, 2008.

<sup>9</sup> Derry City Council Annual Report and Improvement Plan 2008.

## “What you told us”

### Future Search Findings

The Future Search meetings with 120 stakeholders took place to enable large diverse groups within the region to validate a common mission for regeneration, take responsibility for action and develop a commitment to implementation.

Over two and a half days 120 key stakeholders were gathered from across a range of sectors in Derry ~Londonderry and summarised below are the key findings from the discussions of relevance to the enterprise and employment sector.

The key actions to support this goal were identified as:

- More efficient utilisation of public assets;
- A more integrated approach and joined up thinking between the community, business and political leaders;
- Greater stimulation within the private sector to generate employment opportunities;
- Encouraging and maintaining global businesses in the City;
- A more efficient connection between employer needs and skills providers;
- A more effective partnership between business, education and the wider community;
- The development of ‘one voice’ for the city and region

The dominant goal to emerge from the process, in relation to enterprise and employment was:

**“to create a sustainable city through full employment and to achieve 2000-3000 jobs every year” and to meet a target of 20,000 jobs by 2019.**

### Proposed Action Plan for this sector:

What	Measures	Who's Help?	When
Services	Ingenuity, creativity, innovation, skills, team working as one, taking risks, listen to new voices, be outward looking, ‘take out and they bring back’.	<b>MULTIAGENCY SUPPORT</b>	Immediate
Tourism	Marketing outcome focused not processed focused.		Immediate
Enterprise	‘One stop shop’, grow a generation of entrepreneurially minded young people.		Immediate
Strong leadership with authority			Immediate
Need extraordinary inputs to get extraordinary outputs			Immediate

## “What others have said”

### Factors influencing the enterprise and employment sector

- Economic inactivity is a key barrier to addressing unemployment in the region.
- In 2007 34.2% of those of working age in Derry were classified as ‘economically inactive’, which is considerably higher than the Northern Ireland average of 26.6%.<sup>10</sup> This suggests an element of market failure associated with the existing policy provision which needs to be tailored to break down labour market barriers and facilitate engagement with the inactive.<sup>11</sup>
- Previous research<sup>12</sup> has suggested that of the (predicted) jobs available in the coming years only one tenth will be for those people currently outside the labour market who have no formal qualifications. (See Figure 3 – Annex A)
- In Northern Ireland there are over 1 million claimants of incapacity benefit representing 10.5% of the working age population. The equivalent figure for Derry is 14.4% with only Strabane having a marginally larger proportion.<sup>13</sup>
- There are a number of possible reasons<sup>14</sup> for this high figure in Derry, including;
  - A mismatch between the local workforce and available employment;
  - Similarity of wage levels relative to benefits for certain jobs;
  - Low skill levels;
  - A lack of qualifications;
  - Psychological reasons contributing to disengagement with the labour market.<sup>15</sup>
- As this group represents a significant proportion of the potential workforce, any regeneration initiative will need to consider how to generate opportunities (and reduce constraints) to help increase the employability of these groups.
- As graph 3 and 4 below illustrate, there is a noticeable imbalance between levels of projected employment and population in the Derry area.

### Summary

- Economic Inactivity is a key barrier to addressing levels of enterprise and employment in the region.
- Derry has higher than average levels of economic inactivity.
- Only a small proportion of predicted future jobs will be for those with no formal qualifications.
- There is a large number of people in the area who are long-term economically inactive.
- There has been a significant number of redundancies in recent years in the area.

<sup>10</sup> Source: ‘Northern Ireland Labour Force Survey’ 2007

<sup>11</sup> Derry City Council Local Strategy Partnership: ‘Labour Market Study 2007’.

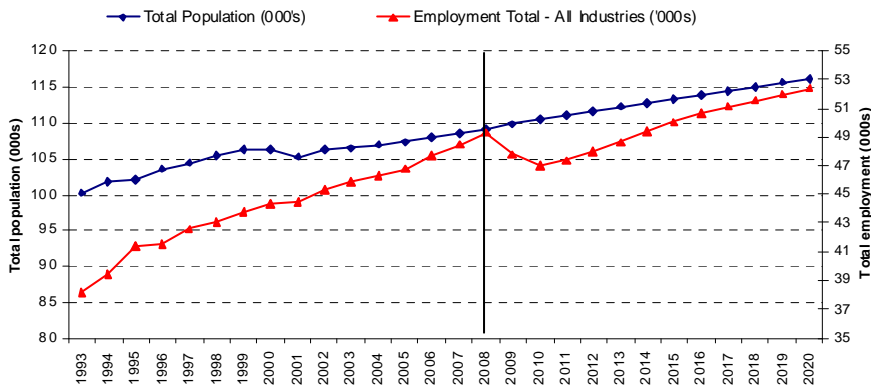
<sup>12</sup> Derry City Council Local Strategy Partnership: ‘Labour Market Study 2007’.

<sup>13</sup> DSD: ‘Claimants of Incapacity Benefit as a % of the working age population 2007’.

<sup>14</sup> The impact of the closure of Seagate in Limavady with its substantial number of Derry employees is still to be felt. Source: ‘Derry City Council Development Department, EU Competitiveness Programme 2007-2012’.

<sup>15</sup> Illex: ‘Economic Impact of the draft master plans for the Fort George and Ebrington sites within the Derry City Council area. 2007. P14.

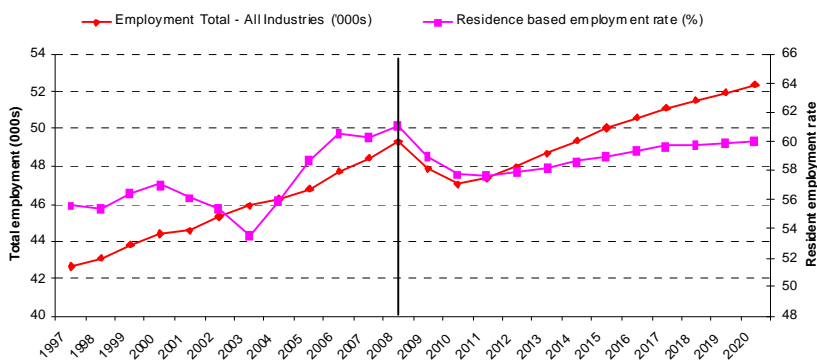
**Graph 3: Derry Population and Employment Projections**



Source: Oxford Economics

- This projection illustrates that over the next few years there will be a significant gap between the total population and total employment rates in the area. This emphasises the importance of job creation in relation to the City. In addition, this also suggests that there will need to be long-term initiatives to match the skills profile of the local labour market as the employment rate and population figures begin to come together towards 2020. (See caveat)<sup>16</sup>

**Graph 4: Employment and Resident Employment Rate Projections.**



Source: Oxford Economics.

- As the projections in graph 4 above illustrate, the figures for resident based employment do not increase at the rate of the projected total employment. This will either mean endeavouring to skill the local residents in order to fill the surplus jobs or attracting the labour force from

<sup>16</sup> Source: Oxford Economics. In recent years, the population projections produced by Oxford Economics have been significantly different to that of the official NISRA estimates. A comparison between NISRA's 2004 based population series and Oxford Economics highlights a difference of some 135,000 by 2029. The difference can be traced to the migration estimates that have been included in the two series, with Oxford Economics estimating a significantly higher level of migrants.

outside of the Derry area together with the possibility of external migrants. (See previous caveat).

- The Derry local economy had only 45 companies registered for VAT which had a turnover in excess of £5 million in 2006.<sup>17</sup> This puts Derry joint 7<sup>th</sup> in the list of Northern Ireland District Councils and well behind Belfast which had 280 businesses registered for VAT with a turnover beyond £5 million.<sup>18</sup>

### *Industrial Structure*

- The industrial structure within the Derry District Council area is comprised of a number of large dominant employers including Seagate and Invista with a corresponding small number of SME's. In 2008 there were 2,360 businesses with less than 10 employees in the Derry District Council area which is low when compared with Newry and Mourne, for example, with a corresponding figure of 4,395.
- Previous research<sup>19</sup> commissioned by Ilex suggests that there needs to be stronger relationships between business and education together with the Neighbourhood Renewal Partnerships and others to improve the employability of the people in the region, leading to increased labour participation rates within deprived areas.

### *Higher Education*

- Addressing Derry's low levels of educational outturn is crucial in terms of initiatives to address the area's employment deficit.
- One report, produced for Ilex, ascribes the area's low educational outturns and stock of skills in the community in part as a consequence of net-out migration, asserting the view that Derry's A-Level leavers and graduates are a fluid and particularly mobile community, whereas those with less skills and qualifications are more immobile preferring to remain in the local area irrespective of the nature of employment opportunities available to them.<sup>20</sup>
- The Mark I Plan 2005 refers to the cap on student numbers in Northern Ireland, a cap which does not exist in any other part of the UK, as a contributory factor towards local students choosing to study elsewhere.
  - The Maximum Student Number (MaSN) "cap" only applies to Full-time, Undergraduate home and EU students (not Post-graduate, Part-time or international students).

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<sup>17</sup> See Figure 4 – Annex A: VAT registered businesses by turnover sizeband 2006. Source: IDBR.

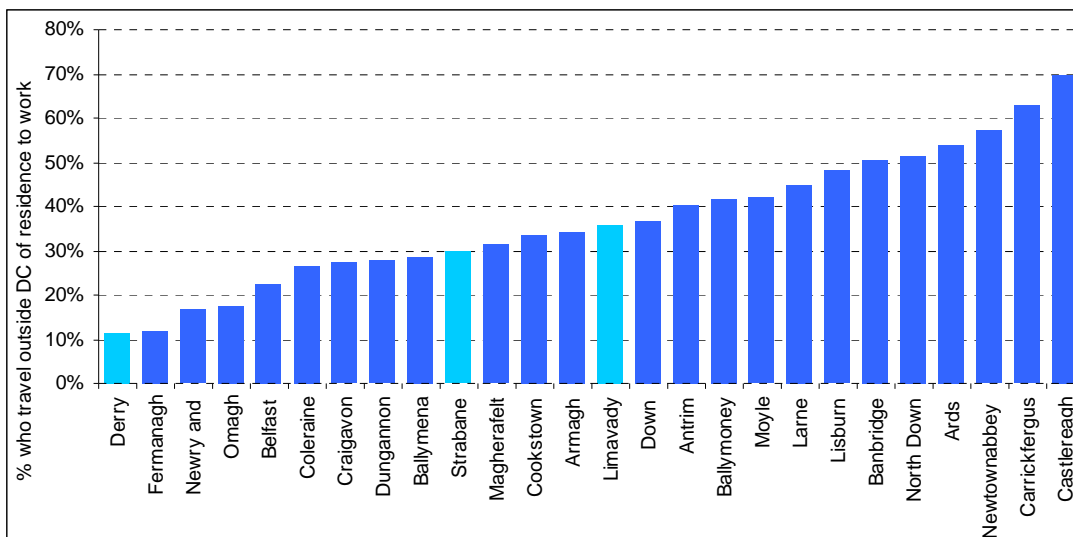
<sup>18</sup> As the Ilex Corporate Plan 2007-2011 notes; there are currently 89 companies in the manufacturing sector which are assisted by Invest NI and 130 companies in the service sector assisted by Invest NI.

<sup>19</sup> Ilex and its Partners: Research Study: 'Addressing the Gap in Educational Attainment and Qualification in the Derry City Council Area. May 2008

<sup>20</sup> Although the majority of the students at the University of Ulster Magee are from Northern Ireland and by and large local, in 2002/03 28% of Derry domiciled higher education students enrolled in courses in Britain. As the Ilex regeneration plan of 2005 notes; these statistics reinforce the constraint upon the University of Ulster at Magee in terms of a local area 'brain drain' and wider participation in higher education. (Ilex Regeneration Plan 2005: S7.1.1.1)

- The 'MaSN' for the two Northern Ireland Universities for the academic year 2008/09 was 23,904 and for Higher Education places in Further Education Colleges 3,798.<sup>21</sup>
- There were 3,472 redundancies in the Derry District Council area between 2000 and 2009, with only Belfast recording a higher figure.<sup>22</sup> Therefore there is a significant number of people who need re-engaged and possibly re-skilled.
- Between 2002 and 2008 Invest NI offered £74.6m in financial assistance in the Derry District Council area.<sup>23</sup> However, it should be noted that 50% of this capital was committed to Seagate. Seagate is the area's largest private sector employer with a work force of approximately 2000 people.<sup>24</sup> This highlights the fact that there are a small number of large employers in the region to the detriment of a much smaller number of small to medium enterprises.
- There is an apparent unwillingness to travel outside of the local area for the purposes of employment. Only 11.4% of those within the Derry District Council Area and in employment travelled outside the area to work which was the lowest of all the NI District Councils<sup>25</sup> and illustrative of low labour mobility rates in the region.

**Graph 5: Percentage of people who travel outside District Council of residence for employment.**



<sup>21</sup> Source: Northern Ireland Department for Learning. (DEL).  
<sup>22</sup> See Annex A: \*Redundancy data is only collected for companies which have 25 or more employees.  
<sup>23</sup> Invest NI: Performance Information Report 2002/03 and 2007/07.  
<sup>24</sup> Source: Ni Equality Commission. (2007 figures)  
<sup>25</sup> Source: Northern Ireland Census 2001

## “What others have tried”

*PwC Fair Cities Report: Case Study – Bradford*  
*Client: UK Department for Work and Pensions (DWP)*

In 2005 PwC was appointed to undertake a research study for the UK Department for Work and Pensions (DWP) on the Fair Cities Framework in the City of Bradford.

Essentially this was a demand driven programme to:

- Build local infrastructure and capacity to mobilise and support employer-led partnerships.
- Respond to local employer demand and business needs.
- Develop customised services that help ethnic minorities succeed in employment.

Bradford, like Derry, is a city which historically had low levels of employment and a skills deficit among its youth.

This initiative was aimed at developing a holistic approach to bringing the largest employers in Bradford and joining them up with those people (particularly the Black and Minority Ethnic community BME) who had encountered a range of barriers to employment.

The community benefited as a result of the new job opportunities created and the areas largest employers benefited from a workforce keen to learn and develop within their businesses.

### *Removing Barriers to Employment (‘the Cresco Trust’)*

Despite obvious difficulties with the labour market in Derry, there are existing programmes and initiatives which could be expanded and developed as examples of good practice of engaging the economically inactive and unskilled including ‘the Cresco Trust’.<sup>26</sup>

The ‘Cresco Trust’ was established in 2003 as a not for profit community organisation with the aim of growing the skills of the individual through non-traditional methods including community-led action with regard to;

- Pre-employment training programmes.
- Quilting shop and training centre.
- Intermediary Labour Market programme.

<sup>26</sup> [www.crescotrust.com](http://www.crescotrust.com)

## Summary

- The ‘Fair Cities’ report illustrated how building partnerships between business and education to both help school leavers gain employment and allow local employers to quickly fill vacant positions.
- The Cresco Trust provides a bridge to employment by using existing relationships with the private sector to develop new opportunities for those who are more disadvantaged.
- “Making Transitions Work”: This report assessed how the transition from education to working life has changed in recent years and of how the combinations of school and work based learning have been of direct benefit.
- FAS: ‘National Training and Employment Authority’ Republic of Ireland: Primarily FAS provides training for employment and acts as a link between the unemployed and regional employers to either begin training or take up apprenticeships with a view to employment.

- Social research.

The 'Cresco Trust' provides a 'bridge to employment' by using enterprise and its partnerships with the private sector to develop new opportunities for disadvantaged people across Derry.<sup>27</sup>

The pre-employment programme offers advice and training to the long-term unemployed, women 'returners', unemployed youth and those that have suffered redundancies. The Trust has a partnership with ASDA which guarantees an interview to those who have been through the trust's pre-employment programme.

#### *Independent Review of Policy on Location of Public Sector Jobs Report*

This review, led by Sir George Bain, has recommended that Derry should be a primary site for the relocation of a substantial number of jobs in the short and long term.

The review recognised the existing infrastructure, its strategic location and its proximity to both the University of Ulster and the City of Derry airport as supporting factors in this recommendation.

[http://www.dfpni.gov.uk/final\\_report-location-of-jobs](http://www.dfpni.gov.uk/final_report-location-of-jobs)

#### *OECD: 'From Initial Education to Working Life – Making Transitions Work'*

This report assessed how the transition from initial education to working life has changed in the 1990's and what programmes and policies a selection of 14 OECD countries adopted to deliver an effective transition for young people.

Among a plethora of recommendations and observations the OECD<sup>28</sup> report identified common elements of pathway reform policies across a range of countries in terms of access to employment which the SWG may wish to consider further, including the:

- Broadening of vocational programmes and qualifications;
- Development of combinations of school and work-based learning;

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<sup>27</sup> See also the 'Foyle School and Employer Connections (FOSEC): FOSEC provide a range of business education link programmes to educational institutions across the Derry City Council area and the north west region, promoting work related learning for pupils and students.

<sup>28</sup> Organisation for Economic Co-operation and Development 2000: 'From Initial Education to Working Life – Making Transitions work.

Establishment of bridges between secondary and vocational education and training and tertiary education; and development of more flexible education and training pathways.

*FAS: 'National Training and Employment Authority in the Republic of Ireland'.*

FAS is the National Training and Employment Authority in the South of Ireland offering training courses suited to the needs of jobseekers looking for employment. Primarily it offers training programmes that allow Apprentices to qualify as craftspeople in areas such as construction, bricklaying and motor mechanics.

FAS also provide financial support to various schemes in the Republic of Ireland:

*The Community Employment (CE) scheme:*

This scheme is designed to help people who are long-term unemployed and other disadvantaged people to obtain work by offering part-time and temporary placements in jobs based within local communities. After the placement, participants are encouraged to seek permanent part-time and full-time jobs elsewhere based on the experience and new skills they have gained while in the Community Employment scheme.

*The Local Training Initiative programme:*

This is a project-based training and work experience programme carried out in the local community run by local community groups. The programme allows local communities to carry out valuable and necessary projects of benefit to their communities, while at the same time training participants in areas related to the project work so that they can go on to gain employment or progress to further training. Anyone who is unemployed and over the age of 16, at any level of literacy, is Eligible to Participate.

*Job Club:*

This programme aims to expand awareness and help participants understand how the application of simple techniques can greatly enhance job seeking skills. Membership of a Job Club may help participants to be more acutely aware of their employable/marketable personal attributes through a Job Club, developing job seeking skills and techniques (such as preparing Curriculum Vitae, application letter and preparing for interviews).

### *Birmingham Bullring*

Costing £530m, the Birmingham Bullring regeneration project was Europe's largest city centre retail regeneration projects.

This development opened in 2003 providing 110,00m<sup>2</sup> of prime retail space accommodating 140 shops, cafes and restaurants.

A key focus of the project was to ensure that the new development resulted in generating local jobs for local people. This was achieved by the formation of strategic alliances with local employers and learning and skills agencies to 'bridge the labour market gap' and facilitate connections between the retail businesses locating in the new facilities and the unemployed.

## Key questions for Derry~Londonderry

### How do we drive change within the enterprise and employment sector?

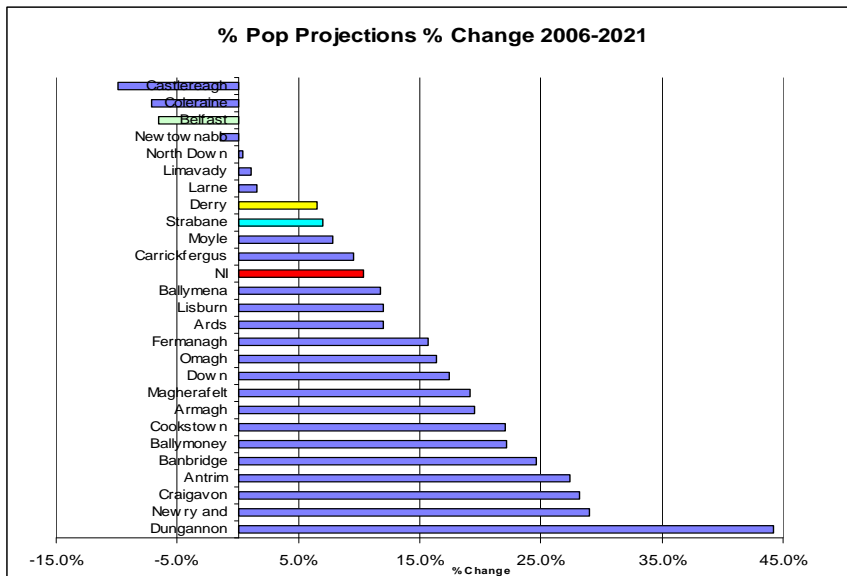
- Strategic objectives and interventions previously identified for this sector are outlined in Annex B.
- Are the objectives detailed in the Programme for Government Ilex Regeneration Plan still valid? Will they deliver against the equality and sustainability agenda? If not, what should the objectives be?
- What are the key priority actions in this sector?
  - Are there successful initiatives that have been taken elsewhere that the SWG should consider?
  - If yes, what actions need to be taken, by whom, when and are the cost/resource implications?
- Are there other ways of achieving the same objectives in shorter timeframe / more efficiently?
- Are the necessary resources in place to develop a vibrant and sustainable enterprise and employment sector in the North West?
- What steps can be taken to bring the University area to life and attract knowledge based industries?
- Are the commitments provided for in the Public Service Agreements (PSA's) adequate to meet the current enterprise and employment deficit?
- How do the priorities detailed in annex B or that have been previously identified link with:
  - Education and skills.
  - Children and young people.
  - Developing the city region.
  - Developing the River Foyle as an 'asset'.

### Summary

- Are the existing policies and objectives addressing the key barriers? i.e. levels of economic inactivity.
- Are there successful initiatives that have been taken elsewhere that can address the situation?
- What steps can be taken to engage those who have been out of work for some time?
- What organisations can assist in this regard?
- How can we tailor employment and enterprise initiatives to the skills of the people in the region?

## Annex A: Baseline statistical tables

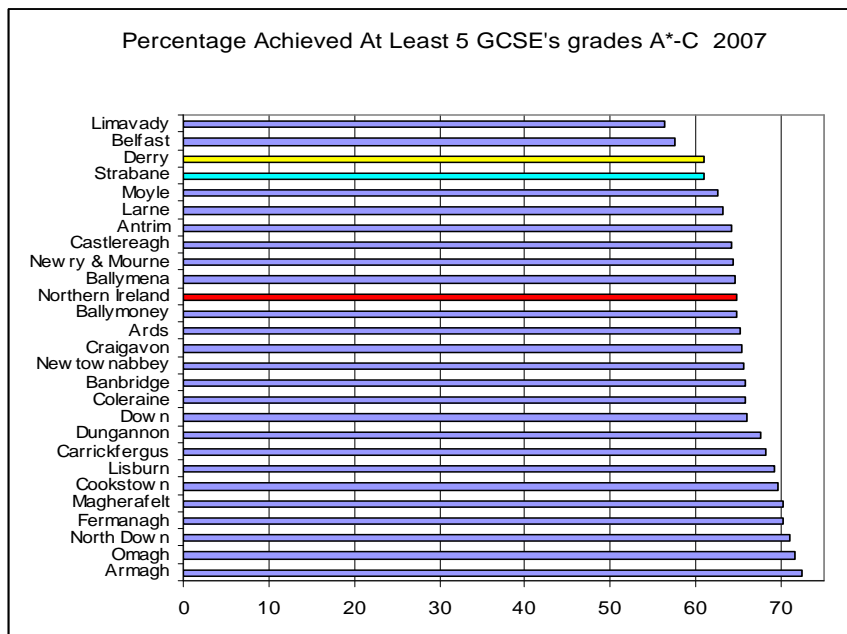
**Graph 1: Population Projections: Percentage change 2006-2021**



Source NISRA:

The above chart projects population growth in Derry over the coming years, however this is quite small in comparison to other District Councils of a similar size.

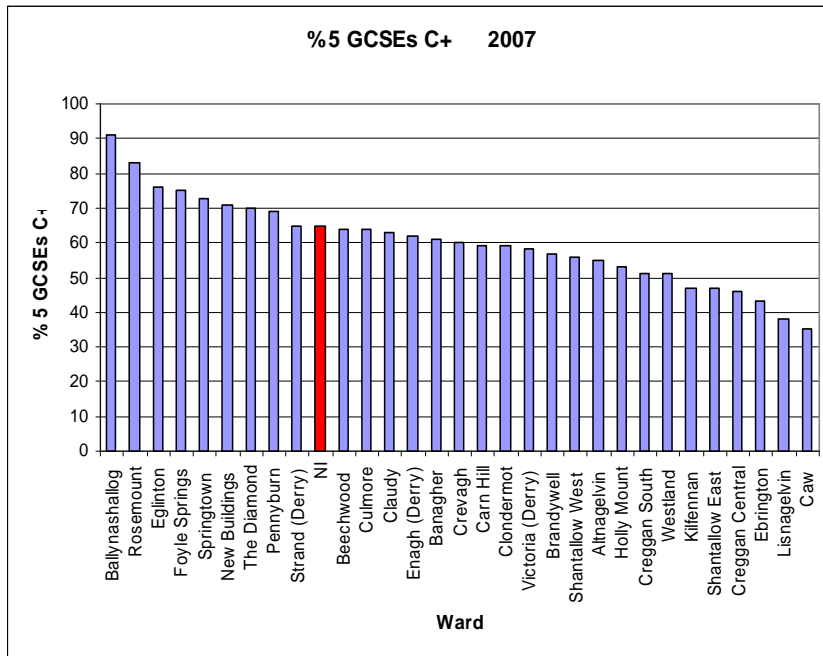
**Graph 2: Percentage achieving 5 GCSE's Grades A-C in Northern Ireland 2007.**



Source: NISRA

The percentage of GCSE passes grade A-C in Derry is below the Northern Ireland average and is the fourth lowest of all of the Northern Ireland District Councils.

**Graph 3: Percentage achieving 5 GCSE's Grades C+ in the Derry City Council Ward Area 2007.**



Source: NISRA

The above chart illustrates the wide disparity in the GCSE success rate between the Council Ward areas, with the more socially disadvantaged areas less likely to achieve 5 passes at grade A-C. In addition, the majority of the listed wards are below the Northern Ireland average which illustrates the importance of targeted initiatives to address low levels of educational attainment.

**Table 1: Northern Ireland Population by age, 2001 and projected changes over time**

Age	Northern Ireland		Derry District Council	
	No (000s)	%	No (000s)	%
<b>Total population</b>	<b>1,685</b>	<b>100%</b>	<b>105</b>	<b>100%</b>
Age less than 16 years	398	24%	28	27%
Age 16-74 years	1,187	70%	73	69%
Age 75+	100	6%	4	4%
<b>Changes in pop, 1991, 2001 &amp; 2015</b>	<b>Diff since 1991</b>	<b>Diff to 2015</b>	<b>Diff since 1991</b>	<b>Diff to 2015</b>
<b>Total population</b>	<b>7%</b>	<b>6%</b>	<b>10%</b>	<b>13%</b>
Age less than 16 years	-3%	-14%	-6%	-6%
Age 16-74 years	9%	11%	17%	19%
Age 75+	22%	22%	28%	31%

Source: Census of population 2001, Demography and Methodology Branch (NISRA)

**Table 2: Working age economic activity 2007**

Age	Northern Ireland		Derry District Council	
	No (000s)	%	No (000s)	%
<b>Total Economic Activity</b>	<b>794</b>	<b>73.4%</b>	<b>47</b>	<b>65.8%</b>
Men (aged 16-65)	438	78.5%	26	75.7%
Women (aged 16-59)	356	67.9%	20	56.3%
Economically inactive	288	26.6%	24	34.2%
% of adults with no formal qualifications	237	22.2%	20	28.6%

Source: Northern Ireland Labour Force Survey 2007

The above table illustrates that Derry has a significantly higher proportion of people with no formal qualifications benchmarked against the Northern Ireland average, a higher proportion of those classed as economically inactive in addition to lower than average levels of total economic activity.

**Table 3: Number and proportion of Employee jobs by Industry, September 2007**

Standard Industrial Classification (SIC03)		Northern Ireland		Derry District Council	
Section	Industrial Group	No (000s)	%	No (000s)	%
A-O	All Industries	710,638	100%	42,710	100%
A,B,C & E	Other <sup>29</sup>	5,659	0.8%	196	0.5%
D	Manufacturing	87,651	12.3%	4,641	10.9%
F	Construction	44,328	6.2%	1,940	4.5%
G	Wholesale / retail trade	125,656	17.7%	7,261	17.0%
H	Hotels/restaurants	43,386	6.1%	2,700	6.3%
I	Transport/storage	31,041	4.4%	1,321	3.1%
J	Financial Intermediation	18,416	2.6%	626	1.5%
K	Real Estate, Rent and bus Actvs	78,087	11.0%	5,160	12.1%
L	Public Admin and Defence	58,284	8.2%	3,715	8.7%
M	Education	69,137	9.7%	4,991	11.7%
N	Health & Social Work	116,010	16.3%	8,308	19.5%
O	Other Service activities	32,983	4.6%	1,851	4.3%
G-O	All services	573,000	80.6%	35,933	84.1%

<sup>29</sup> Covers hunting, forestry, fishing, mining, quarrying, electricity, gas and water supply (excludes agriculture).

Source: Northern Ireland Census of Employment 2007

This table illustrates the heavy reliance on the public sector in Derry, particular the Health and Social Work sector, in addition to the developing service sector which has grown at the expense of the declining manufacturing sector.

**Table 4: Educational attainment levels among the population: Analysis by District Council. Census 2001**

Local Government District	All persons aged 16-74	Percentage of Persons aged 16-74 with:					
		No qualifications	Highest qualification attained: Level 1 <sup>1</sup>	Highest qualification attained: Level 2 <sup>2</sup>	Highest qualification attained: Level 3 <sup>3</sup>	Highest qualification attained: Level 4 <sup>4</sup>	Highest qualification attained: Level 5 <sup>5</sup>
Derry	72,665	43.7	17.2	15.6	8.5	10.2	4.9
Armagh	37,752	43.6	17.0	16.6	9.1	9.7	3.9
Omagh	33,045	43.3	17.9	16.7	7.6	10.5	3.9
Larne	22,086	41.9	19.0	17.4	8.1	9.9	3.8
Belfast	197,519	41.8	14.8	13.3	10.9	12.2	7.0
Banbridge	29,283	41.7	17.9	17.4	8.6	10.5	3.8
Coleraine	40,089	39.9	16.4	16.4	10.1	11.6	5.7
Ards	52,878	39.3	19.9	17.5	8.9	10.4	4.1
Newtownabbey	57,907	39.0	18.5	16.6	9.6	11.6	4.8
Antrim	34,579	38.7	20.0	18.0	8.9	10.4	3.9
Down	44,249	38.2	18.1	18.3	9.3	11.3	4.7
Carrickfergus	26,951	38.0	19.5	17.6	9.2	11.4	4.3
Lisburn	76,476	37.4	18.5	17.6	9.0	12.2	5.4
Castlereagh	47,155	35.5	16.8	16.5	9.0	14.8	7.4
North Down	54,882	31.0	18.1	19.6	9.9	15.1	6.3

Source: Census 2001.

Please note that the figures above provide a different view than that indicated in table 2 and table 7 in respect of the proportion of people with no qualifications. This may be due to the fact that table 4 are census figures which are provided on an individual basis, carrying the risk of personal interpretation. Another difference is the date line – Census figures relating to 2001, whilst table 2 relates to 2007 and 7 relates to an average from 2004 - 2006. A further difference is the age range – this table and table 7 both use 16-74, whilst table 2 relates to the working age population.

**Table 5: Highest level of Qualification by Gender and Age - Census of Population 2001**

	Strabane			Derry			Limavady			Northern Ireland		
	None	Level 1	Level 2	None	Level 1	Level 2	None	Level 1	Level 2	None	Level 1	Level 2
	%	%	%	%	%	%	%	%	%	%	%	%
<b>Males</b>												
16-24	27	26	28	23	26	28	24	26	31	20	24	27
25-49	53	20	11	38	21	12	45	21	13	34	22	13
50+	84	3	4	72	5	6	84	5	6	71	5	8
<b>Females</b>												
16-24	20	21	32	17	20	32	15	23	34	15	18	31
25-49	41	22	17	34	22	16	36	23	18	27	24	19
50+	81	5	7	77	5	7	59	3	5	71	7	11
<b>All</b>												
16-24	24	24	30	20	23	30	20	25	33	17	21	29
25-49	47	21	14	36	21	14	37	22	18	31	23	16
50+	82	4	6	74	5	7	77	6	7	71	6	10

Source: Census 2001

**Table 6: Percentage of resident population qualified to ISCED<sup>30</sup> Level 5-6 – 2001**

City	% of Resident Population Qualified to ISCED Level 5-6 2001
Cambridge	32.3
Aberdeen	24.2
Exeter	15.1
Worcester	14.9
Portsmouth	12.8
Wrexham	11.5
Stevenage	10.8
Lincoln	10.6
Derry	10.4
Gravesham	9.0

Source: Office for National Statistics: Urban Audit Database

The proportion of the population who have achieved degree level qualifications in Derry are low relative to other similar sized cities in the UK.

**Table 7: Summary of Derry education and skill levels**

	Derry	Northern Ireland	UK/England
<b>Education Outturn</b>			
% NVQ level 4+ (graduate)*	22%	23%	27%
% no qualifications*	23%	24%	14%
% private sector graduates (2001)**	11%	11%***	14%
<b>Education Inputs</b>			
Key Stage 1 – Maths**** (Level 2+)	95%	96%	90%
Key Stage 2 – Maths**** (Level 4+)	77%	80%	79%
Key Stage 3 – Maths**** (Level 5+)	68%	74%	77%
5+ GCSEs A-C****	62%	64%	57%
3+ A-Levels A-C****	62%	63%	Na

Note:

\* average 2004-2006 (LADB/APS); average 2005-2006 UK

\*\* Census

\*\*\* Belfast is 16%

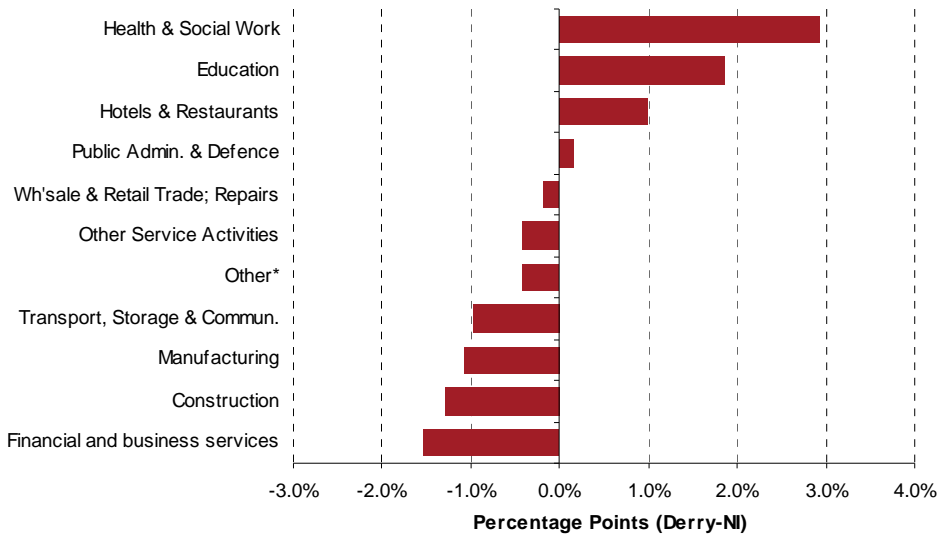
\*\*\*\* 2005/06 (DENI/DCSF) UK figures are for England only

Derry performs well on educational input measures relative to the UK/England, but is slightly behind the NI average on all input measures. Derry (22%) produces a marginally lower proportion of graduates than NI (23%), and a markedly lower proportion than the UK (27%). Northern Ireland (24%) has a significantly larger proportion of the population aged 16-74 with no qualifications relative to the UK (14%), with Derry (23%) having a marginally lower proportion than NI (compare and contrast this with the census figures displayed at Table 1). This figure is however at odds with the most up to date figure from the Northern Ireland Labour Force Survey 2007 (Table 2), which suggests that Derry has a higher proportion of the working age population with no formal qualifications (Derry 28.6%, NI 22.2%). Some reasons for these apparent inconsistencies could be the different timeline and age profiles used.

Derry (11%) and NI (11%) each have a lower proportion of private sector graduates than the UK (14%). This could be related to the structure of the Derry and NI economies, which are both more heavily reliant on the public sector than is the case in the UK. It should be noted that Belfast has a higher than UK average proportion of private sector graduates (16%), despite the size of the public sector in Northern Ireland. This, together with the Derry and NI average figures of 11%, indicates that a high concentration of Northern Ireland's private sector graduates is working in Belfast.

<sup>30</sup> ISCED: 'International Standard Classification of Education

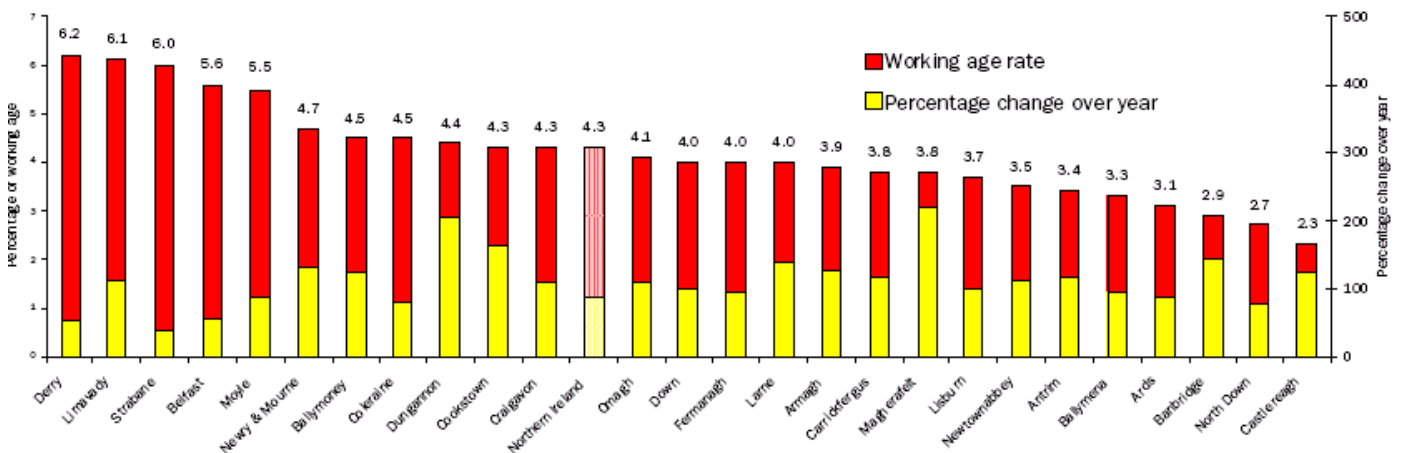
Figure 1: Difference in employment structure (Derry-Northern Ireland) 2005



Source DETI

This table illustrates the heavy reliance on the public sector in Derry, particular the Health and Social Work sector, in addition to the developing service sector which has grown at the expense of the declining manufacturing sector.

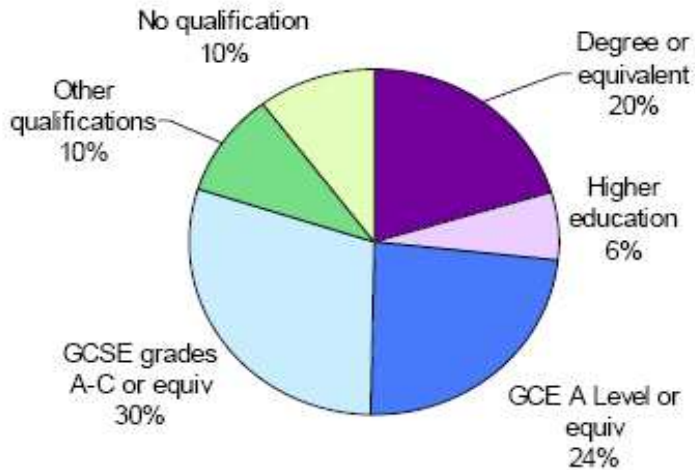
Figure 2: Unadjusted Claimant Count Rates by District Council Area



Source: DETI – Northern Ireland Monthly Labour Market Report. May 2009

The above chart illustrates that Derry has the highest claimant count rate of all the District Councils. This means a number of things, including a lack of available jobs and a labour market with a low or poorly matched skills profile, indicating that the need for targeted initiatives to address the high levels of unemployment and programmes to stimulate job creation and investment.

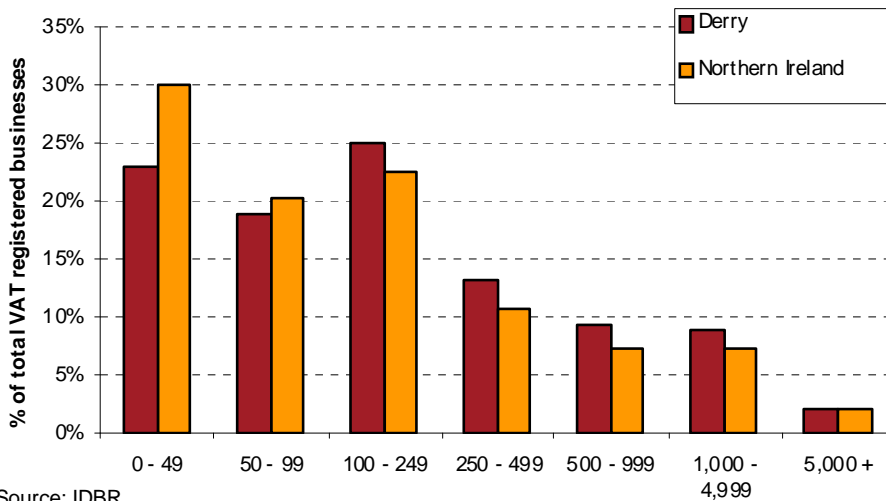
**Figure 3: The demand for qualifications, annual average 2006 – 2016**



Source: Derry City Council Local Strategy Partnership. 'Labour Market Study 2007'

The above chart illustrates that only 10% of projected employment demand no qualifications illustrating the need to improve levels of educational attainment to meet this demand.

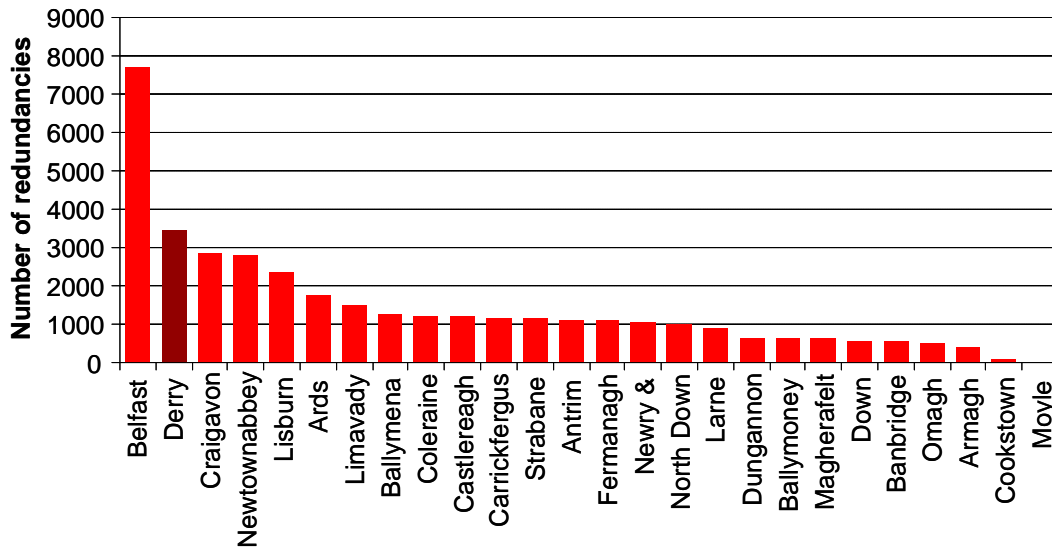
**Figure 4: VAT registered businesses in Derry by turnover sizeband 2006**



Source: IDBR

The above chart illustrates that Derry has a low proportion of small-medium enterprises, with this graph being distorted somewhat in terms of the high sizebands by the existence of a small number of large employers including Vista and Seagate.

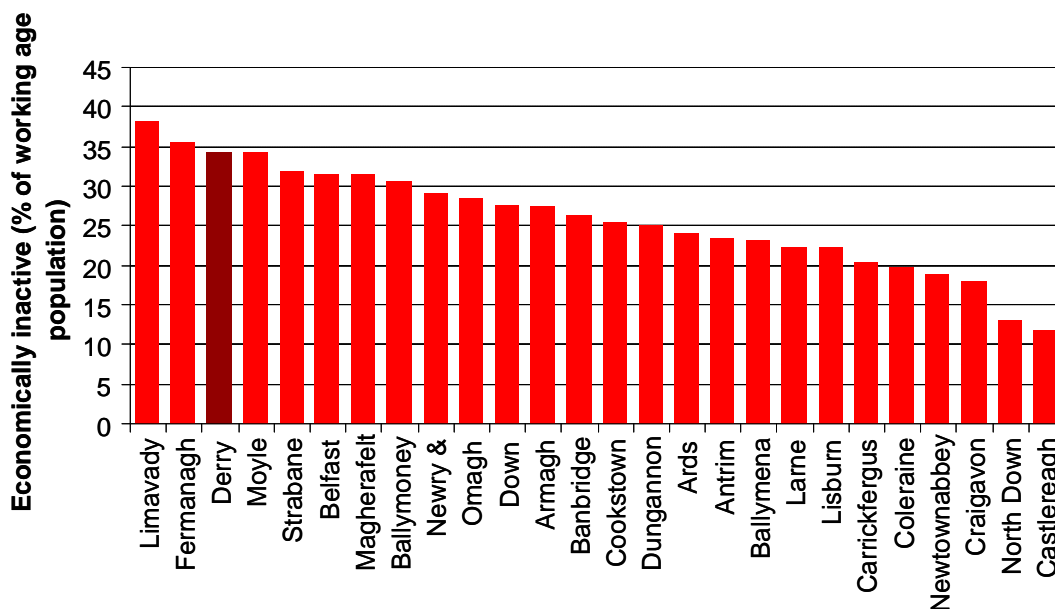
Figure 5: Redundancies at District Council Level (2000-April 2009)



Source: NISRA

Between 2000 and 2009 Derry had the second highest level of redundancies of all the NI District Councils

Figure 6: Economic Inactivity in 2007 (Those who are classed as economically inactive are those of working age who are in neither in employment or any form of education or training). Derry has the third highest rate of economic inactivity of all the District Councils.



Towards a Baseline Needs Analysis:  
Sector Discussion Document

Enterprise and Employment

**Annex B: “Where we fit”**

## Strategic Objectives: Enterprise and Employment

### *Key goals for the economy Northern Ireland Programme for Government*

The Programme for Government sets out the strategic objectives for Northern Ireland from 2008-2011. The overarching aim is to build a peaceful, fair and prosperous society in Northern Ireland, with respect for the rule of law and where everyone can enjoy a better quality of life now and in years to come.

- Aiming to halve the private sector productivity gap with the UK average (excluding the South East) by 2015.
- Increasing the employment rate from 70% to 75% by 2020.
- Supporting 45 new businesses and 600 existing companies to become exporters for the first time by 2011.
- Securing inward investment commitments promising over 6,500 new jobs by 2011 of which 5,500 will provide salaries above the Northern Ireland Private sector median.
- Securing £120million of private sector investment commitments in innovation and 300 companies engaging in R&D / innovation for the first time by 2010/11.
- Growing the creative industries sector by up to 15% by 2011.
- Increasing the number of tourists visiting each year from 1.98m to 2.5m by 2011.
- Ensuring that by 2011 68% of school leavers achieve 5 or more GCSE passes at A\* to C including English and Maths.
- Ensuring, by 2015, that 80% of the working age population is qualified to at least GCSE level or equivalent.
- Increasing the number of adult learners achieving a qualification in literacy, numeracy and ICT skills by 90,000 by 2015.
- Increasing by 25% the numbers of students, especially those from disadvantaged communities, at graduate and postgraduate level studying Science, Technology, Engineering and Mathematics by 2015.<sup>31</sup>

### *Mark I plan*

This plan highlights a series of objectives across all of the relevant sectors in the region from the perspective of the Ilex Regeneration Company.

- Expand advanced manufacturing and internationally traded sectors.
- Facilitate retail sector investment and establish the city as the regional retail hub.
- Develop the site at Ebrington into a community where residential, commercial office and elements of retail space that will blend with leisure, cultural and tourism facilities.
- Develop the Fort George site as a 'prestige, technology and/or knowledge intensive park.
- Expand numbers of full time (and part-time) enrolments at the Magee campus by removing NI cap on third level students.
- Expand the range of courses at Magee and ensure continuous improvement in quality.

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<sup>31</sup> NI Programme for Government 2008/11: [www.pfgbudgetni.gov.uk](http://www.pfgbudgetni.gov.uk)

Enterprise and Employment

- Establish jointly with private sector 'educational potential' scholarship to facilitate university education from deprived areas.
- Establish that sites which ILEX is responsible for ('Ilex sites') are inter alia used to facilitate expansion of third level sector.

*Suggested Priority Actions*

- Established the need for a new integrated employment and skills service.
- Launch additional programmes to improve basic skills for those out of work by embedding support for disadvantaged people and repeat claimants.
- Address the issues which create the barriers to employment.
- Develop a network of employer led 'employment and skills boards' to influence delivery.<sup>32</sup>
- PSA 1: 'Improve Northern Ireland's manufacturing and private services productivity'.
- PSA 3: 'Subject to economic conditions, increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing effective careers at all levels'.

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<sup>32</sup> Ilex and its Partners: Research Study: 'Addressing the Gap in Educational Attainment and Qualification in the Derry City Council Area. May 2008. P35

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