

Introduction and Context

1. The Association of Northern Ireland Colleges (ANIC) is the membership body for all 16 colleges and institutes of further and higher education in Northern Ireland, providing the voice of further education to stakeholders as well as a range of services to member colleges. ANIC welcomes the opportunity to present its views on the economic challenges facing Northern Ireland.
2. Colleges in Northern Ireland are in the midst of a major change programme, directed by the Department for Employment and Learning (DEL), with the current 16 colleges merging into 6 larger, area-based colleges by August 2007. In addition to this structural change, colleges will have an enhanced economic focus, which is detailed in DEL's Further Education Means Business strategic document. Further Education (FE) is committed to serving the needs of people, communities and the economy in Northern Ireland through excellent, innovative and appropriate provision.
3. Over the last number of years ANIC and its member colleges have developed increasingly strong relationships with the business community, economic agencies including Invest NI and its enterprise partners through a range of initiatives. Therefore while this contribution is forward-looking, it is based on recent and developing college work in response to the strategic direction set by DEL which was in response to the work of the NI Assembly Committee for Employment and Learning.
4. This response addresses the three questions within the terms of reference for the Sub-Group. Further information, if required, can be obtained from John D'Arcy, Chief Executive, ANIC, 3 The Sidings Office Park, Antrim Road, Lisburn, BT27 4LD. (E-mail: john.darcy@anic.ac.uk; tel: 02892 627512).

(i) To identify the major impediments to the development of the economy in Northern Ireland

- 5 ANIC recognises that Northern Ireland's economy has improved over the recent past. However, international comparisons indicate that productivity and competitiveness is weaker than other parts of the UK, which in turn is challenged by other nations within Europe and further afield. Emerging competition from other regions, particularly Asia, poses a significant challenge for the Northern Ireland economy in the context of an increasingly global market for manufactured products.
- 6 ANIC supports the view of the business community and government that the Northern Ireland economy must develop strengths in added value and innovative work, particularly in what is commonly termed "the knowledge

economy". In order to achieve progress in this area, it is essential that Northern Ireland has a workforce with high level and appropriate skills.

7 There are, however, a number of impediments facing Northern Ireland's economy in developing and achieving this aspiration. These include:

- the scale of the problem of poor literacy and numeracy skills in Northern Ireland poses a significant issue for a region seeking to build expertise and credibility as a knowledge economy. While the Essential Skills programme has made significant progress in tackling these problems, it is critical that all efforts are made at every level of the education system to reduce the rate of poor literacy and numeracy among our population;
- Northern Ireland has also some distance to travel in order to catch up with other regions in terms of those members of the workforce qualified to level 2 and level 3. This has implications for businesses in terms of their commitment to skilling, upskilling and reskilling as well as for colleges in terms of provision;
- the pace of technological change and its demand for new skills puts pressure on business and providers to respond. Increased articulation of needs is required and it is expected that the implementation of the Further Education Means Business programme should address this at a range of levels. Flexibility must be at the heart of future provision in order to ensure that businesses in Northern Ireland can respond to market opportunities and challenges.

8 Colleges across Northern Ireland, individually and collaboratively, have actively sought to address many of these issues. For example, colleges have:

- provided a significant proportion of Essential Skills training which has helped addressed literacy and numeracy issues; and
- increased their active engagement with employers through training provision as well exploiting the Centres of Excellence in priority skills areas and providing additional business development services, including prototyping and business modelling.

(ii) To consider fiscal incentives that may promote foreign direct investment and indigenous investment

9 ANIC, and its colleges, have worked actively with the DEL since 2002/2003 in response to its Review of Further Education to actively consider how best the college system can support economic development and social cohesion in Northern Ireland. Examples from the USA have indicated the importance of workforce development as a key agent for

- both foreign direct investment and indigenous investment. ANIC has fostered relationships with the North Carolina Community College System, with active leadership from DEL, and also with the North East Minnesota Higher Education District following work as part of a Peace II funded project involved all 16 Northern Ireland Colleges.
- 10 ANIC has just completed a two-year Peace II funded project targeting Small to Medium sized Enterprises (SMEs). Involving all 16 colleges, the SMILE (Small to Medium Innovative Learning Enterprises) programme provided business-responsive training and development interventions to a core group of businesses, capable of growth but often not involved in such activities. This project exceeded its target for the number of SMEs engaged by about 70% (598 SMEs were engaged) and it exceeded its target for the number of learners achieving a qualification. This project demonstrated that despite the widely reported reluctance of small businesses actively to engage in training, the SMILE project has shown that it is possible for colleges to help small businesses, with the proviso that the SME market is not homogeneous or responsive to a “one size fits all” approach. This type of college activity, which is different from the currently funded model of classroom-based activity, must be supported in the emerging DEL model for further education so that colleges are financially supported in their provision of flexible and innovative interventions.
 - 11 ANIC has also just completed an enterprise project funded by Peace II to attempt to embed enterprise and entrepreneurship within further education. The E-FEAR (Entrepreneurship – Further Education Awareness Raising) project involved 10 colleges and sought to move students from awareness to exploration of potential enterprise. Support from colleges has helped participants to explore their ideas with other stakeholders. It is noteworthy that the winners of the 2006 ANIC E-FEAR Entrepreneurs of the Year from Castlereagh College have embarked upon a Start a Business Programme with their local Enterprise Agency as a result of the support received through the programme and the college.
 - 12 Working with DEL and in response to employers and Invest NI, ANIC has established an IT Professional Academy centred initially in three colleges (Belfast Institute, North Down and Ards Institute and North West Institute) to address concerns about the quantity of suitably qualified IT personnel. Stage one is focussing on a conversion programme for non-IT graduates with a second stage in the Academy looking towards continuous professional development for IT employees. This joined-up approach to spotting needs within a key niche area should be highlighted as best practice and as an exemplar for areas of the economy. Such activities

- provide a useful hook for potential investors as well as providing a resource for indigenous growth. Other areas in which colleges have proactively developed capacity include financial services (Belfast Institute), call-centre operations (Armagh College), interactive computer entertainment (North West Institute), renewable energy (Omagh College and East Down Institute), business incubation and innovation (Newry and Kilkeel Institute), automotive and robotics (North East Institute) product development and prototyping (North Down and Ards Institute), public sector staff development (Causeway Institute and Upper Bann Institute), craft sector development (Limavady College), migrant workers support (East Tyrone College), community development (East Antrim Institute, Lisburn Institute, Fermanagh College and Castlereagh College). This list is not exhaustive but rather indicative of colleges' proactive attempts to support economic development.
- 13 The Department for Employment and Learning, as a pilot strand of its Further Education Means Business, funded ANIC to recruit two Sectoral Development Advisers to improve the interface between employers and colleges in two areas – Engineering and Software Engineering. This project is currently being evaluated but initial feedback indicates that these roles have provided a consolidated, collaborative and strategic facility within colleges for employers and other agencies, such as Invest NI. Key development work has been achieved with software employers, engineering employers, the Quarry Products Association, Northern Ireland Polymers Association, universities, the Business Alliance and individual employers.
- 14 Therefore, ANIC proposes that support packages to assist business develop are essential. It is timely that DEL is reviewing the funding model for further education as a result of its FE Means Business strategy. It is essential that colleges are funded in a manner which allows them the flexibility to meet the needs of business in an innovative and responsive manner.
- (iii) To consider how other matters including an economic package/peace dividend could contribute to economic regeneration and how this might be delivered.**
- 15 Northern Ireland's colleges are based in communities across Northern Ireland. Although Northern Ireland is geographically a small region, it is clear that the various sub-regions and communities face different challenges and needs and often have different opportunities for investment. A strong message from colleges would be an economic package / peace dividend would recognise these differences and would

- therefore offer a range of options to develop economies in areas where traditional, and often rural, economies have reduced. The Workforce Development Forums being developed by DEL would have an active role in identifying key sub-regional and local factors which could potentially be missed by a Northern Ireland wide “one size fits all” approach.
- 16 The new sector skills councils will provide an insight into the development needs for workforces across a range of occupational sectors. It will be important to ensure that Northern Ireland’s needs are clearly reflected in the sector skills agreement which emerge from their work.
 - 17 Colleges have had an increasing relationship with Invest NI and this should continue to be explored actively from start-up to business growth. Consideration should be given to different types of business growth services which currently may not be available and funded through Invest NI and colleges.
 - 18 Further Education is increasingly working with universities in assisting businesses grow. Clearly the universities have a well established research mandate, ANIC has proposed to key stakeholders that colleges have a key role in technology transfer and the application of research findings to business. In looking at the relationships, it could be viewed that universities focus might be described as “R&d” (leading edge research, some development) with colleges having a focus on “r&D” (applied research, large amount of development). The geographic network of college campuses and sites means that the region is well-served in this type of work. The relationships between colleges and universities will be enhanced through DEL’s FE-HE Collaboration Fund. A joint bid from colleges and universities is being developed for a three-year programme – the development of the opportunities from this work should be identified as early as possible.