

**A Study of the Skills Resource in the
Financial Services and Science Sectors
in the Newry and Dundalk area.**

Prepared for Dundalk Chamber of Commerce
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APPENDIX

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Executive Summary

This report examines the basic human resource capacity in key industry growth sectors in the East Border Region, particularly between Dundalk and Newry. The study will address some in-coming investors' concerns, who have relayed the paucity of available local skills and experience, this despite East Border Regions' (EBR) central position and enhanced infrastructure, mid-way along Ireland's busiest economic corridor. The report assesses the availability of local skills and experience in two sample sectors, namely the financial services sector and science-based sectors from Engineering through Food Production into Bio-Pharm and has been carried out by SMM Consulting on behalf of Dundalk Chamber of Commerce.

The study had two main objectives:

1. Identify skills gaps in local workforce from industry consultation
2. Identify readily available skills in the local labour market and highlight opportunities where the skills resource in Dundalk and Newry may be pooled to act as a key selling point to attract inward investment

The study assesses to what extent skills gaps exist and influence prospective investment decisions along the border from Dundalk to Newry, be they foreign direct investment (FDI) or those indigenous companies relocating. It is widely acknowledged that the availability of skills has been amongst the key factors in Ireland's current economic prosperity. The supply of educated and skilled labour will continue to play a central role in efforts to establish Ireland as a knowledge-based economy. Imbalances between the supply and demand of skills can have an adverse effect on future economic performance.

The report is aimed primarily at local stakeholders and influencers and it is envisaged that the information and findings within it may act as a catalyst to taking proactive steps to make the area more appealing to inward investment and provide relevant information for consideration for the areas economic planning.

There has been a long history of cross-border co-operation between the two areas. However, it is worth noting that partnership and strategic collaboration has largely been conducted on an ad-hoc project by project basis. The concept of a bi-polar city has been explored in recent years with the principle of developing a Newry/Dundalk 'mini-metropolis' at the centre of the Belfast-Dublin corridor. This would comprise a population of close to 500,000 and would make the Newry/Dundalk region the third biggest conurbation in Ireland.

In terms of third level education provision in the region the two principal providers are Newry Institute and Dundalk Institute of Technology (DKIT), however the region is in commuting distance to a number of universities and third level education institutes. Both Newry Institute and DKIT offer a wide range of courses and learning facilities, which are continuously updated in an effort to match student educational demand with industry skills requirements.

Demographics have a major impact on the available labour resource in any region. Declining levels of second level school leavers has had a knock on effect admissions to

third level education institutes. Ireland's population growth is accelerating, as both the natural increase and net migration boost the numbers living here. One of the reasons why so many companies choose Ireland is because of the unique workforce - Ireland has one of the youngest populations in Europe with over 40% under the age of 25 years.

A comprehensive assessment of the local labour market was undertaken to achieve the aims and objectives of the study, involving extensive desk research and industry consultation with key stakeholders in the Newry and Dundalk region. A number of face-to-face interviews were conducted with policy makers, higher educational establishments, industry representative bodies and other stakeholders in Newry and Dundalk. A mixture of face to face and telephone questionnaires targeting 40 pre-agreed industry representatives in the Newry and Dundalk areas was also undertaken, with a response rate of 32 companies (80%).

From the survey sample, 59% of companies reported having current vacancies. This highlights the vibrancy and growth of the local economy, but also indicates a distinct shortage of skills in the local labour resource. Companies in the Dundalk area reported a high level of current vacancies in comparison with companies based in Newry, with 71% of companies reporting vacancies in the financial services sector compared with 44% in the Newry area and 78% of companies in the science sector reporting vacancies compared with 43% in Newry. This would suggest that the recent high levels of FDI investment in Dundalk has stretched the local labour force. There was minimal difference between vacancy levels reported between companies operating in the financial services sector and those operating in the science sector.

In terms of the category of vacancies reported by companies there was a distinct difference between the two sectors. Approximately 40% of companies in the financial services sector reported vacancies in the 'sales' and 'professionals' categories, which is consistent with the overall skills need of the sector for accounting professionals and sales related staff to fill positions in the rising number of customer centres.

With regards to the science sector, the vacancy type was significantly different with 25% of companies reporting vacancies in the 'operatives' and 'administrative & secretarial' categories. Again this is consistent with the overall skills need of this sector considering many of these companies have production and manufacturing sections to their operations.

In terms of specific skills needs within the science based sector companies reported skills shortages in numerous specialist areas, such as precision engineering, renewable energy technology. 38% of companies that reported difficulty in recruitment stated they had recruited directly from overseas in countries such as India, Poland, Lithuania and other areas of Central/Eastern Europe. A number of companies also reported that they have up-skilled their current workforce to fill vacancies (eg: training technicians to up-skill from assembly positions to more skilled diagnostic roles).

The study showed that 58% of companies in the region reported having recruitment difficulties in the last 12 months, further highlighting the skills gaps in the local labour resource. A number of steps should be taken to sustain and develop the labour resource to avoid the shortage in labour supply detrimentally affecting the performance of local businesses and to position the area to benefit from inward investment

opportunities. The fact that a 35% of companies had experienced difficulty meeting customer expectation levels and 19% had suffered from higher running costs due to recruitment difficulties highlights the seriousness of the problem. Steps to sustain and develop labour supply should include:

- Improve links between industry and DKIT/Newry Institute
- Promote opportunities for local employment to prevent the 'brain drain' from daily commuting to other areas, principally Dublin and Belfast
- Up-skill the local labour force, thereby building knowledge capacity
- Pro-actively attract new talent to the region (promoting the high quality of life as a major incentive)

Skills gaps is not only limited to recruitment difficulties, but also to existing staff in many companies. A total of 51% of companies interviewed reported having skills gaps in their current workforce. Encouragingly a high percentage of companies had provided training for staff with 68% reporting that training had been provided in the last 12 months. However, it must be noted that the majority of training was delivered in-house (52%), whereas 29% of companies had outsourced professional training and only 19% of companies using 3rd level institutes for their training needs.

It is recognized that it is impossible to achieve an exact fit between student educational demands and industry skill requirements. However, there is a need for a closer working partnership between DKIT and Newry Institute and the wider industry within the Newry/Dundalk region. Improved collaboration with industry representatives will help local education and training providers keep their curricula and programmes up-to-date with developments in the industry and thereby maximise employment opportunities for their graduates. The Newry & Mourne Labour & Education Forum has made great steps to improving communication links between education and industry. It would be advisable to explore the possibility of widening this forum to a cross border level including representation from both Newry and Dundalk.

To date both areas have predominantly been acting independently with regards to attracting inward investment, particularly in efforts to attract multi-national FDI companies. There is a need for a high level strategic plan to attracting inward investment to the region. This must include efforts to raise the profile of the Newry/Dundalk region with key influencers at a national level, principally Invest NI and the IDA.

Although there is a general acknowledgement of the need for increased collaboration between the major stakeholders in the Newry and Dundalk areas, there has been no significant sustained level of high profile partnership working to date. Any joined-up working to date has been conducted on an ad-hoc project by project basis, rather than a strategic level progressing large scale signature projects.

There is great potential to position the Newry/Dundalk region as the regional stronghold and base for financial services outside Dublin and Belfast. A key signature project for the region to work towards could include a lobby to secure a regional centre of the IFSC in the area, possibly housing some of the IFSC support functions. If the vision to develop the Newry/Dundalk region as the regional financial services base in Ireland is agreed plans to sustain the existing and future labour resource in the region must be put in place. It would be imperative to identify the current and future skills requirements of

leading international financial services firms, effectively setting out a skills road-map for the education sector.

The recent commuter survey undertaken by Dundalk Chamber of Commerce highlighted the high levels of daily commuters from the region that travel to work in the financial services sector in Dublin. Any strategy developed must include plans how to educate and up-skill the local labour force in this sector, encourage existing skills resource from commuting to other areas, and to attract new talent to the area with appropriate skills and knowledge.

The general buoyant economic climate coupled with business development efforts by local stakeholders and favourable location, demographic conditions and industry trends has resulted in unprecedented economic development in the Newry/Dundalk region in recent years. The Newry/Dundalk region's success in the coming years will be fundamentally dependent on its ability to successfully package and promote the region in a manner that offers a more attractive pool of resources to prospective investors, particularly FDI companies.

The main recommendations are outlined below:

- The Newry/Dundalk region needs to select key 'Champions' to move projects forward and raise the profile of the area for inward investment
- Communication and partnership working needs to be developed in three key areas of collaboration:
 - Dundalk Newry Plc (the proposed group of key stakeholders including business representatives, Chambers of Commerce, Local Authorities and Education providers)
 - Between businesses in the Newry and Dundalk region
 - Inter-college to agree a combined strategy to address skills shortage in the region
- Create a cross-border forum to address employment and skills issues
- Pool and develop skills resource via knowledge transfer and clustering projects
- Develop a high level strategic plan to attracting inward investment to the region
- Brand the '*Newry and Dundalk Region*' and raise the profile of the area with key influencers at a national level, principally Invest NI and the IDA
- Develop the Newry/Dundalk region as the regional financial services base in Ireland
- There is a strong need for a large signature project to act as a catalyst to encouraging real partnership working, such as the lobby to secure a regional centre of the IFSC in the region
- Need to become more 'regionally focused' considering the trend towards regionalising services in both the North and South (Health Services in the ROI, Further and Higher Education in NI, Regional Tourism Partnerships in NI and ROI, Review of Public Administration in NI etc..)
- Recognise the significant role which the Recognition of Previous Learning (RPL) initiative can have on addressing skill gaps and up-skilling the current workforce - Lobby government departments to run a pilot RPL programme in the region

Chapter 1: Introduction

1.1 Introduction and Background

To undertake a comprehensive study to establish the basic human resource capacity in key industry growth sectors in the East Border Region, particularly between Dundalk and Newry. The study will assess the availability of local skills and experience in targeted industry growth sectors, namely the financial services sector and science-based sectors from Engineering through Food Production into Bio-Pharm.

It is widely acknowledged that the availability of skills has been amongst the key factors in Ireland's current economic prosperity. The supply of educated and skilled labour will continue to play a central role in efforts to establish Ireland as a knowledge-based economy. Imbalances between the supply and demand of skills can have an adverse effect on future economic performance.

A number of areas of the economy are currently experiencing skill shortages. Addressing current and minimising future skill imbalances is of vital importance for the economy. Regular monitoring of supply and demand of skills provides a platform for the timely identification of labour market disparities. This report provides an insight into the domestic labour supply and provides an overview of the output from the education and training system, the key source of supply of skills to the local economy.

The study will also profile the availability of appropriate skills-orientated training in locally based 3rd level institutions and vocational training establishments, and may recommend additional courses for development to meet the challenge of labour provision in key growth sectors.

In addition to industry surveys, a steering group of local stakeholders was consulted to gather their views on labour availability with related experience, as well as certified training available. The key findings of the individual industry surveys and stakeholder consultation are contained in this report with observations on skills gaps and investment opportunities where adequate skills and training is available in the area.

Background: Both jurisdictions have targeted EBR as the location where rapid expansion of the population is expected, doubling of populations between 2003 and 2020, has been incorporated into Spatial Plans.

The intercity rail and road infrastructure has attracted significant investments over the past 10 years, though service levels are somewhat short of satisfactory. Both local 3rd level Educational Institutions have evolved and stretched their range of vocational courses, and, certified craft skills' outputs are also rising at FÁS and Training & Employment Centres.

The region is in regeneration mode, new housing completions and values are rising rapidly, EBR is now within Dublin's commuter range and commercial building is ramping up rapidly; on Armagh Road in Dundalk, the M1 Business Park has 1.3M sf of buildings under construction.

1.2 Aims & Objectives

The study will assess to what extent skills gaps exist and influence prospective investment decisions along the border from Dundalk to Newry, be they foreign direct investment (FDI) or those indigenous companies relocating.

The study will address some in-coming investors' concerns, who have relayed the paucity of available local skills and experience, this despite East Border Regions' (EBR) central position and enhanced infrastructure, mid-way along Ireland's Eastern Corridor. It is hoped to identify the key short-comings in targeted industry growth sectors only. Financial Services are establishing greater critical mass and science-based sectors from Engineering through Food Production into Bio-Pharm are established at various stages.

The study will also profile the availability of appropriate skills-orientated training in locally based 3rd level institutions and vocational training establishments and to recommend additional courses for development consideration, which may be adopted to meet the challenge.

The report is aimed primarily at local stakeholders and influencers and it is envisaged that the information and findings within it may act as a catalyst to taking proactive steps to make the area more appealing to inward investment and provide relevant information for consideration for the areas economic planning.

The project will be two fold:

1. Identify skills gaps in local workforce from industry consultation
2. Identify readily available skills in the local labour market and highlight opportunities where the skills resource in Dundalk and Newry may be pooled to act as a key selling point to attract inward investment.

Results will be evaluated by the Stakeholder group to decide content, character and presentational style of results and how they might feed constructively into this regions economic planning.

Chapter 2: Newry / Dundalk Region Overview

2.1 Location

The Newry/Dundalk area is virtually equidistant between Dublin and Belfast on the M1/A1 road route, the busiest economic corridor in Ireland. The road network is supported by the main Belfast-Dublin rail network (at Newry and Dundalk stations). The ongoing motorway improvement programme linking Belfast and Dublin via dual carriageway has greatly enhanced the area's connectivity to both cities and has considerably lessened travel times. There is a reasonable level of access to the major air and sea ports on the east coast of Ireland.

A long-standing proposal for a bridge at Narrow-water linking Warrenpoint and Omeath is close to approval with the recent announcement that €14 has been allocated towards construction costs within the Republic of Ireland's National Development Plan. In addition, finances have been set aside to conduct a feasibility study for the proposed Newry Southern Bypass relief road. The proposed Newry Southern Bypass would improve connection from Warrenpoint Port, South Down and the Mourne to the main M1/A1 transport corridor and would involve the construction of a single carriageway road linking the Newry/Warrenpoint route to the Cloughogue junction on the main Belfast-Dublin road.

2.2 Historical Context and Economic Collaboration

Newry & Mourne and Louth is one of the border areas most severely affected by the economic and social impact of the "troubles". Both areas have historically been characterised by high levels of disadvantage. This is evidenced through significant numbers of long-term, intergenerational unemployed and high levels of dependence on state benefit to replace and supplement income. In both areas there are identified pockets of extreme deprivation and marginalisation which require targeted socio-economic interventions.

The imposition of the border created a barrier across the natural hinterland and impeded the social and economic development of the two communities in the past. The region has historically been reliant on indigenous business development rather than inward investment as the primary means of sustaining economic wealth, however the area has had considerable success in attracting inward investment in recent years.

Despite the fact that Newry and Dundalk are on opposite sides of the border and in different jurisdictions and currency zones, there has been a long history of cross-border co-operation between the two areas. However, it is worth noting that partnership and strategic collaboration has largely been conducted on an ad-hoc project by project basis. The concept of a bi-polar city has been explored in recent years with the principle of developing a Newry/Dundalk 'mini-metropolis' at the centre of the main Belfast-Dublin corridor. This would comprise a population of close to 500,000 and would make the Newry/Dundalk region the third biggest conurbation in Ireland.

2.3 Profile of Dundalk Area

Dundalk is the East Coast Gateway to the North and South, and as one of the largest urban centres in Ireland is primed to become Ireland's first new city of the 21st Century. Dundalk has been designated as a Gateway Centre for Development under the Irish Government's National Spatial Strategy. As the administrative capital of the Republic's North-East and of County Louth, Dundalk is a major hub for government services, retail, call centres, industry and education. Dundalk is also a technology hub, supported by significant investments in the road and rail infrastructure, telecommunications, power, water, drainage, and waste management.

Dundalk offers a vibrant and expanding range of diverse and retail facilities, competitive commercial property solutions, and competitive quality residential housing. There are professional accounting, legal and banking support services, as well as creative, marketing and training services. Dundalk and the surrounding area also has a broad base of manufacturing and international service companies and household names already operating in the region, ranging from new arrivals such as Xerox to long established companies such as Littelfuse (General Electric) and ABB alongside a number of indigenous companies.

According to the Census 2006 figures Dundalk town has a population of 29,010, with County Louth having a population of over 111,000. In the 2002 census, 27.6% of Dundalk's population was under 15 years and 45.2% under 25 years. Dundalk is the principal centre in the middle of the East Coast. Within a 30 mile radius there is a population of 428,000. A 50 mile radius brings in Ireland's two main cities, Dublin and Belfast, increasing the catchment to in excess of 3 million. Approximately 70% of the island of Ireland's population is within 2 hours driving time.

Dundalk plays host to major global companies such as Xerox, ABB, Littelfuse (GE), DIAGEO, Halifax, Vesta, Quantum, Daiwa Securities, Irish Life and Heinz. Dundalk also has hundreds of manufacturing plants, heavy and light industry, as well as a wide range of service and professional businesses.

2.4 Profile of Newry Area

The city of Newry has a long distinguished commercial history and for decades Newry has pioneered Northern Ireland's trade and commercial relationship with the Irish Republic. The city has evolved into a vibrant hub for commerce, and is one of Northern Ireland's foremost shopping destinations with an array of traditional independent traders and multi-national retailers. The population of Newry city now stands at 24,000 (**Source-www.newryandmourne.gov.uk*), with the wider Newry and Mourne area having a population of over 87,000. (**Source Census 2001*)

A Greater Newry Vision Partnership made up of local business, economic, community and public sector leaders has been established recently to develop a vision for the future development and promotion of the area. The partnership has launched an ambitious integrated vision which seeks to promote the 'Greater Newry Area' as a region which includes a vibrant city centre core within a much wider catchment area and is consistent with the Newry Dundalk Twin City document launched April 2006.

The Greater Newry Vision aims to create a vibrant regional hub which is modern, innovative and distinctive with a strong mixed economy, imbued with effective civic and community leadership. Greater Newry Area will be a social and economic centre of all-island significance; an attractive, affluent, outward looking and inclusive place to visit, work and enjoy. The key drivers identified in the Economic Vision for Northern Ireland; innovation, enterprise, skills and infrastructure, are the drivers of the Greater Newry Vision.

Newry is the local administrative centre and largest metropolis in the Newry and Mourne region of the South-East of Northern Ireland. Newry has an abundance of competitive skilled labour, with 27% of the wider Newry & Mourne population under the age of 15 and 39% under the age of 25. (**Source Census 2001*)

Unemployment has fallen steeply and Greater Newry has consistently been creating more sustainable, independent wealth-generating businesses than any other part of Northern Ireland. Some 90% of people employed in the private sector, both in manufacturing and services, work for businesses employing less than 10 people. Newry has a broad base of manufacturing and tradable services companies. Major employers include Glen Dimplex, SCA Packaging Ltd, Anglo Beef Processors Ltd, First Derivatives Ltd, FM Environmental and Norbrook Laboratories Ltd.

Chapter 3: Sector Overview

3.1 Financial Services Overview

3.1.1 Sector Definition

For the purpose of this report, the Financial Services Sector includes all companies in the financial services sector and who offer products directly to the marketplace. ie: they must be involved in fund management, wealth management & creation, direct lending, or offer major consulting services.

3.1.3 National Overview

Over the last 15 years Ireland and the UK have been exceptionally successful in attracting international financial services companies to locate here. The list of international companies with operations here is a “who’s who” of the international financial services sector, with industry leaders such as Citigroup, JP Morgan Chase, ABN AMRO, ING Group, MBNA, Merrill Lynch State Street, Unicredito and AIG in the case of Ireland (*Source: www.idaireland.com*) and global organisations such as leading blue chip institutions Allstate, Liberty Mutual, HBOS and Abbey form a significant element of the financial services sector in Northern Ireland.

In addition to attracting the world's top financial institutions, Northern Ireland businesses are providing groundbreaking financial software to firms such as Morgan Stanley, JP Morgan, HSBC, IF.com, Egg and Lloyd's TSB (*Source: www.investni.com*).

These companies have been attracted to Ireland and the UK for a variety of reasons, including an attractive fiscal and regulatory environment; availability of highly skilled educated workforce; favourable relative cost structure; robust telecoms infrastructure; political stability; and by effective marketing. However, over the last couple of years many in the industry believe there has been a loss of momentum and a slowdown in the growth of the international services sector.

Few would argue that the global financial services industry is undergoing major change at present. Business models are changing because of advances in technology, advances in telecommunications and the impact of globalisation. The European market is gradually becoming more integrated partially driven by EU initiatives such as the Financial Services Action Plan. Furthermore, Ireland and the UK's attractiveness as a location for international financial services has also undergone major changes over the past 5 years or so. The corporate fiscal environment in Ireland in particular, is still very favourable although other jurisdictions have emulated both countries in this respect. The availability of skilled labour is even greater now having been supplemented by returning emigrants from the US in particular. The telecoms infrastructure has also improved considerably. Notwithstanding these positive developments there are other factors that are less positive.

In the case of Ireland, which still has cost advantages over many international centres, it is no longer considered to be a low cost location. The cost of skilled labour and property in both Ireland and N. Ireland has increased relative to other markets in recent years. In addition other countries/regions have “upped their games” considerably in terms of marketing the attractiveness of locating there.

The International Financial Services Sector – IFSC

The International financial services sector has been usually referred to as a jewel in the crown of Ireland’s economy over the past decade. In 1987, the Irish Government established the IFSC in Dublin’s central Customs House Dock area with the aid of a special 10% corporate tax rate and certain other benefits. This initiative was launched in response to the rapid growth of the financial services industry world-wide.

The IFSC is largely responsible for the world-wide reputation Ireland now enjoys as a centre of excellence in the provision of financial services.

3.1.3 National Research on Skill Needs

The recent National Skills Bulletin 2006 from the Expert Group on Future Skills Needs (EGFSN), reported that the demand for financial skills continues to be strong due to the expansion of existing activities and the diversification within the sector linked to moving up the value chain of financial service provision (e.g. a shift from back to front office activities in international financial services). In addition, continuous changes in the regulatory environment make meeting the skill needs of the financial sector a moving target.

Skill shortages were identified in the following areas; accountants, actuaries, financial analysts and underwriters. Despite a recent increase in education and training provision in some financial areas (e.g. risk management), the number of qualified persons expected to become available for work is still not considered sufficient to meet market demand.

3.1.4 Future Drivers

Principal drivers of the future demand for financial skills include overall economic growth, regulation, technological change and the globalisation of the financial services sector.

Given the integration of financial skills across all sectors of the economy, the overall performance of the economy is particularly important for the future employment of these skills. According to a recent report prepared by the Skills and Labour Market Research Unit in FÁS for the Expert Group on Future Skills Needs, it is expected that employment growth across financial occupations will continue to rise over the next few years in Ireland.

The regulatory environment is another key factor determining future performance of the financial services sector and the associated demand for financial skills. The creation of the Financial Services Regulatory Authority (IFSRA) will introduce mandatory qualifications affecting some financial occupations. In the short run, an introductory of

mandatory qualifications could result in a shortage of regulated occupations. On the positive side, the regulatory changes are likely to produce a demand for new financial skills and enhance the stability and reputation of the sector overall.

Technological advances will continue to drive changes in the financial services sector in general. The automation of processes which reduce costs and improve the delivery systems for financial products is expected to remain an important determinant of future employment requirements. On the one hand, technological changes involving automation will reduce demand for some occupations. On the other hand, the changes will create demand for a further synthesis of financial and IT skills, not only to use and maintain the information systems, but also to develop financial products.

Financial liberalisation is expected to progress further leading to an increase in competition in financial services provision globally. As a result, further mergers and acquisitions between financial institutions worldwide can be expected. In general, restructuring leads to loss of jobs, as companies seek to utilise economies of scale and curb costs. However, structural changes are expected to improve the performance of the industry and enhance future employment prospects.

On the whole, high level skills will be required in order to meet the demands of the financial services sector in the future. This is a direct result of the need to create higher value-added products and services in order to remain competitive on an international level.

In terms of quantitative forecasts of the future supply of financial skills, a recent report on the financial services industry in Ireland conducted on behalf of FAS, revealed the following difficulties;

- Lack of requirement for mandatory qualifications for most of the skills analysed
- A high incidence of training through continuous rather than the initial education process
- A wide variation in the time taken to attain qualification

Overall, in terms of the provision of financial skills, the market appears to be responding to the demand. The institutions that most notably respond to the market developments include universities, private colleges, professional institutions and FÁS.

3.2 Science-based Sector Overview

3.2.1 Sector Definition

For the purpose of this report, Science Based Firms are companies in the emerging science-based sectors from Engineering through Food Production into Bio-Pharm. ie: they must be involved in engineering/precision engineering, bio-pharmacy, food production, science etc..

3.2.5 National Overview

Republic of Ireland

Ireland is a key global location for the science-based industry. Through Foreign Direct Investment since the 1960s, Ireland has grown a globally significant Life Sciences industry. Today, Ireland has over 170 companies employing 35,000 people in The Pharmaceutical/Chemical, Biopharmaceuticals, Medical Devices and Diagnostics sectors. Together these sectors generated €43 billion in exports in 2002.

Each of these sectors in Ireland is dominated by industry leaders with companies such as Pfizer, GlaxoSmithKline, Takeda, Merck, Genzyme, Gilead, Medtronic, Boston Scientific, Abbott and many others having substantial operations in Ireland. Their satisfaction with Ireland has resulted in several examples of multiple investments by Life Sciences companies e.g. Abbott with six operations in Medical Devices, Diagnostics, Nutritionals and Pharmaceuticals; J&J with four operations in API and medical devices: Wyeth in Nutritionals, Veterinary Pharmaceuticals, Formulation and a Biopharmaceutical Drug Development/Substance/ Product facility, Boston Scientific Corporation with four facilities developing and making minimally invasive medical devices.

The activities of these companies combined with indigenous company formation and growth, research effort by the universities and increasing involvement by the Hospitals in clinical research coupled with proactive Government support has created a major cluster with a vibrant networked professional community.

These companies have prospered in Ireland and are growing horizontally (both in terms of scale and diversity and in encompassing more business functions) and vertically (particularly backward integration into R&D activities) viz.

Northern Ireland

Northern Ireland is a prime location for science based businesses, thanks to a unique combination of fresh talent and world-class research capabilities. The sector, which employs around 4,000, includes key players such as Almac, Fusion Antibodies, Gambro, MDS Pharma Services, Norbrook, Perfecseal, Randox Laboratories and Warner Chilcott.

Businesses of this calibre have been attracted by Northern Ireland's competitive cost base, its excellent telecoms infrastructure and the ready availability of skilled employees. The sector benefits from strong links and close cooperation between academia and industry in commercialising university research.

3.2.6 National Research on Skills Needs

Republic of Ireland

The recent National Skills Bulletin 2006 from the Expert Group on Future Skills Needs (EGFSN), reported that there is evidence of a current shortage of certain engineering professionals and technicians in Ireland. Some employers have been experiencing difficulties in recruiting persons in the following occupations: electrical and electronic engineers, design and development engineers, chemical engineers and engineering technicians. Shortages in these areas are expected to persist into the future, given the decline in student enrolments in engineering courses in recent years and the expected strong performance of the IT, pharmaceutical (including biotechnology and chemicals) and medical devices over the coming years.

Furthermore, the Irish Government has invested heavily in the last few years in research in science and recently announced a further increase in funding. This will lead to the creation of additional postgraduate opportunities in the short to medium term. The number of students studying science at undergraduate level has declined in recent years. If this trend continues, a shortage of research scientists may arise in the future.

Northern Ireland

Industry, academia and Government have made significant commitments to the fast-developing life sciences sector over the past five years. In excess of \$160 million has been budgeted for infrastructure enhancement, attracting Government support totalling \$60 million.

Businesses have also committed \$340 million to strategic investment, including approved Government assistance of almost \$70 million. This outstanding level of investment (almost \$125,000 per employee) emphasises the region's commitment to developing the sector.

3.2.7 Future drivers in the Science-based Sector

Drivers for change in the future include:

- An ageing population
- Changes in the delivery of healthcare away from "in patient" care to therapeutic methods and devices
- Greater consumer interest and access to functional foods to promote health
- Bioterrorism

3.3 Inward Investment

Inward investment has played a critical role in Ireland's economic development, providing tens of thousands of jobs, disseminating technological know-how and expertise within the wider economy, linking up with indigenous industry, boosting productivity, and underpinning export growth. Adoption of international best practices by Irish firms, improvements in the skill levels of Irish workers, and exposure to leading edge technologies are some of the benefits from foreign direct investment (FDI) in the Irish economy. Reinvested earnings (as opposed to greenfield investment) is the most important source of inflows, and is testament to the continued profitability of doing business in Ireland. New FDI is increasingly accounted for by firms already located in Ireland that are expanding or modernizing their operations.

Ireland can now convincingly claim to be a knowledge economy. Promoting Ireland as a knowledge economy has become the key message to the world from IDA Ireland. Similarly in Northern Ireland the Department for Employment and Learning (DEL) has supported the growth of a knowledge-based economy and made this one of its main strategic objectives. The ability to use knowledge quickly, flexibly and creatively is a distinguishing feature of Ireland for many world-leading companies. Ireland has become a European Operations Hub for many companies across a range of sectors and activities; Pfizer's financial shared services centre, Kelloggs in marketing and sales and Google with multilingual financial, administrative, and support to EMEA.

US investment in the Republic of Ireland exceeds €61 billion, and there are almost 500 US companies based here (approximately half of all foreign companies), directly employing over 90,000 people. However, a recently proposed democrat move on US tax policy would likely affect US multi-nationals operating in Ireland. The Democrat Party has said they would seek to "repeal tax give-aways that encourage companies to move jobs overseas." US companies such as Xerox, Vesta, Heinz and National Pen have established operations in the Dundalk area allowing them to defer some US taxes. The proposed tax-change policy would totally undermine the IDA foreign direct investment strategy and unless Ireland can provide further added benefits to US multi-nationals the situation could be very extreme.

The highly attractive corporate tax environment in the Republic of Ireland has been a major factor in economic growth. Corporate tax has been progressively reduced, and from January 1 2003, a rate of 12.5% has applied to trading profits in all sectors, including manufacturing and international services. In the recent UK budget, a cut in UK corporate tax from 30% to 28% was announced from 1st April 2008. Political parties in Northern Ireland are currently lobbying the British Government to lower this rate in the North and feel the rate of 28% still puts Northern Ireland at a distinct disadvantage from the Republic of Ireland where the rate is significantly lower at 12.5%. The rate of corporate tax in the Republic of Ireland is extremely competitive compared with rates of other EU countries, as shown in the table below:

Corporate Tax Rates

Ireland	UK	Netherl.	China	Belgium	France	Germany	USA	Japan
12.5%	30%	29.6%	33%	34%	34.4%	38.6%	39.5%	40.7%

**Source - Deloitte & Touche, 2006*

Chapter 4: Education, Demographics and Labour Supply

4.1 Education and Training Provision (Third-level Education Infrastructure)

In terms of third level education provision in the region the two principal providers are Newry Institute and Dundalk Institute of Technology (DKIT), however the region is in commuting distance to a number of universities and third level education institutes. Both Newry Institute and DKIT offer a wide range of courses and learning facilities, which are continuously updated in an effort to match student educational demands with industry skills requirements. Higher education institutions operate in an increasingly competitive environment, with a number of contributing elements including the declining pool of second-level school leavers.

4.1.1 Dundalk Institute of Technology:

Dundalk Institute of Technology (DKIT) is the largest third level institution in the North East region, and currently provides a suite of programmes at undergraduate and postgraduate levels to more than 3,500 full-time and 1,500 part-time students. DKIT has established a reputation as an innovative and regionally focused Higher Education Institute.

Macro-economic factors have a major bearing on course choice at third-level. In recent years DKIT has position its curriculum offering to operate in a "service economy". Courses in areas such as Management, Marketing, Financial Studies, Building Design & Procurement, Hospitality, Nursing, Health Care, Social Care, Digital Media and Music, Computer Games and Sport are all located at various points on the spectrum of personal services. A breakdown of DKIT students by school/department is illustrated below:

<i>Overall Student Numbers by School/Department, 2004 - 2005</i>			
School/Department	2004	2005	% Change
Business Studies	1079	1010	-6%
Humanities	307	368	+20%
Hospitality	69	124	+21%
FETAC Students (Failte Ireland) WTE	98	77	
Computing and Mathematics	333	272	-18%
Music and Creative Media	147	212	+44%
Infrastructural and Environmental Studies	464	477	+3%
FETAC Students (C&I) WTE	58	64	
Electronic Engineering	82	54	-35%
FETAC Students (Electrical) WTE	147	152	
Mechanical Engineering	187	138	-27%
FETAC Students (Plumbing) WTE	57	62	
FETAC Students (Motor) WTE	26	31	
Applied Sciences	111	138	+24%
Nursing and Health Studies	306	442	+44%
TOTAL	3471	3667	+5.6%

DKIT are constantly trying to ensure their education offering accounts for student demands and industry trends. The National Skills Bulletin (2005) envisages continuing skill shortages within the following areas:

<i>Identified Areas of Skills Shortage</i>	
Construction	These include Architects, Civil Engineers, Planners, Project Managers, Site Managers and the Construction Trades.
Financial	These include Accountants, Tax Experts, Actuaries and Financial Analysts.
Engineering	These include graduates in Design and Production, and Electronic and Electrical. Notwithstanding the decline in the traditional manufacturing sector, they nonetheless also envisage shortages at technician level in the area of Manufacturing and Maintenance.
Information Technology	These include Computer Analysts, Programmers and Software Engineers
Pharmaceuticals	There is a shortage of Chemical Engineers and a particular problem in the area of postgraduate students studying Science.
Health Care	These include Medical Practitioners, Dentists, a range of Therapists and Radiographers. They note the "dramatic increase in demand for the services of these occupations has not been matched by an increase of graduates from the education system." They also refer to shortages of Social Workers, noting that "a large number of Social Workers are non-nationals."
Catering	"The highest number of work permits in the first half of 2005 was issued to chefs, pointing at shortages in this area."

* Source - *The National Skills Bulletin (2005)*

In terms of the financial services sector DKIT offers a range of full time courses as detailed below:

Course	Level
Higher Certificate in Business	Level 6 - Higher Certificate
Bachelor of Business in Business & Information Systems	Level 7 - Degree
Bachelor of Business in Management and Administration (ab initio)	Level 7 - Degree
Bachelor of Business in International Business (add-on)	Level 7 - Degree
Bachelor of Arts (Honours) in Accounting and Finance	Level 8 - Honours Degree
Bachelor of Arts (Honours) in Public Relations	Level 8 - Honours Degree
Bachelor of Business in International Management (Honours)	Level 8 - Honours Degree
Bachelor of Business (Honours) in Marketing	Level 8 - Honours Degree
Bachelor of Business Studies (Honours) (add-on)	Level 8 - Honours Degree

* Source - www.dkit.ie

In terms of the science sector DKIT offers a range of full time courses as detailed below:

Course	Level
Higher Certificate in Science in Agriculture (in conjunction with Ballyhaise Agriculture College)	Level 6 - Higher Certificate
Bachelor of Science in Food Science & Health	Level 7 - Degree
Bachelor of Science in Applied Bioscience	Level 7 - Degree
Bachelor of Science in Pharmaceutical Science	Level 7 - Degree
Bachelor of Science in Agriculture (in conjunction with Ballyhaise Agriculture College)	Level 7 - Degree
Bachelor of Science in Building	Level 7 - Degree
B.Eng. in Civil Engineering	Level 7 - Degree
B.Eng. in Building Services Engineering	Level 7 - Degree
B.Eng. in Mechanical Engineering	Level 7 - Degree
B.Eng. in Electrical & Electronic Systems	Level 7 - Degree
B.Sc. in Quality Management	Level 7 - Degree
Bachelor of Science (Honours) in Food Innovation	Level 8 - Honours Degree
B.Sc. (Honours) in Building Surveying	Level 8 - Honours Degree
B.Eng. (Honours) in Product Design Engineering	Level 8 - Honours Degree
B.Sc. (Honours) in Quality Management	Level 8 - Honours Degree

* Source - www.dkit.ie

In an effort to forge closer links with the local industry DKIT established the Regional Development Centre in 1989. The Centre acts as a commercially oriented interface between DKIT and the industrial, commercial and business life of the region, and makes available the expertise, facilities and resources of the Institute for the wider benefit of the regional economy.

Through the Research and Developmental endeavours of its Academic Staff, DKIT has developed a strong applied R&D reputation in Software Development, Electronics and Engineering Design, Applied Humanities, Cultural Studies and Enterprise Development & Innovation with a new and emerging area in the field of Renewable Energy and Digital Media. The evolution of this range of Research expertise has a direct bearing on new course development, on staff development and on the relevance of graduate provision to the skills needs of the Regional and National economy. Many of the foreign companies that have located in Dundalk cite the existence and influence of DKIT as an important factor in the decision to locate in the area.

At the opening of the new Daiwa Securities Trust Europe Ltd in Dundalk in January 2007, Mr. Shuji Nishiyama, Chief Executive Officer commented that "Daiwa has consistently enjoyed low levels of both staff and management turnover in Ireland, which has proved to be a considerable competitive advantage. This was an influence in our choice of Ireland for this investment. Dundalk is the preferred location because of the Dundalk Institute of Technology's large pool of graduates, with specialties in accounting and business studies, and its willingness to work with Daiwa on specialist graduate programmes. The decisive factors were, the advantages of a regional location in attracting staff; the availability of a suitable premises; the infrastructure in the region and the support provided by IDA Ireland.

4.1.4 Newry Institute

The Newry & Mourne area has a notable concentration of educational establishments, and four local schools have featured prominently in the Times' list of top schools in England, Wales and Northern Ireland. Newry Institute currently has enrolments of approximately 21,000 making it one of the largest education and training providers in Northern Ireland. It operates on five campuses, four in Newry and one in Killeel, with community outreach in over 100 venues in the area. Newry Institute offers a comprehensive range of courses at all levels, from introductory to postgraduate.

From August 2007 Newry Institute will merge with both Upper Bann Institute and Armagh College to form a new, larger, area based college with a considerably wider range of courses on offer. The Institute, an Associate College of the University of Ulster, offers an increasing range of Higher Education provision including Degrees, Foundation Degrees and Higher Education Diplomas together with a wide range of the excellent Higher National Diploma/Certificate awards.

The Institute has developed excellent relations with local employers, which has the benefit of providing opportunities for work based learning for full-time students and has also allowed staff to enhance the relevance of studies. Newry Institute has taken great steps to improve links with the local industry, an example of which is the opening of the Incubator Centre (Greenshoots-Newry Ltd) in conjunction with the University of Ulster. The Centre provides support for innovation and new start-up companies mainly, but not exclusively, in ICT and Engineering. The purpose is to bring much needed new high tech industry and higher value-added jobs to Newry and the surrounding area.

In terms of the financial services sector Newry Institute offers a range of full time and part-time courses, as detailed below:

Course	Level
Business Management and Finance	BTEC National Diploma
Business & Finance with Certificate of Industrial Studies	Higher National Diploma
E-Business	Foundation Degree
Business Administration	NVQ Level 3
Private Secretarys Diploma	Diploma

* Source - www.nkifhe.ac.uk

In terms of the science sector Newry Institute offers a range of full time courses as detailed below:

Course	Level
Applied Science (Laboratory & Ind. Science)	BTEC National Diploma
Meat Processing	NVQ Level 2
Meat Processing	NVQ Level 3
Applied Science (Forensics)	BTEC National Diploma
Laboratory and Industrial Science	BTEC National Certificate
Manufacturing Engineering	BTEC National Diploma
Electrical/Electronic Engineering	BTEC National Diploma
Electronics (Product Design)	Higher National Diploma

* Source - www.nkifhe.ac.uk

4.1.3 Training Providers (Public Sector)

- *FÁS Training Centre (Ireland's Employment and Training Authority)*

The regional FÁS Training Centre is based in Dundalk and facilitates training for over 3,000 people annually. The centre is equipped with the latest technology and capability to provide high quality training in technical craft and operator skills for the electronic, engineering, construction and services sectors, providing training resources to address identified skills shortages.

- *Skillnets – Republic of Ireland*

Skillnets is responsible for the operation of The Training Networks Programme. Since 1999, Skillnets has funded over 114 Training Networks and supported over 6,100 companies to meet their training needs. 35,000 staff and managers have participated in raising their skills levels and 30 different industry sectors have been involved.

Recognising that the enterprise-led approach has made a positive contribution to raising the profile of enterprise training in Ireland, the ROI Government has now granted a new five year mandate to Skillnets for 2005-2010. Up to €55 million will be made available from the National Training Fund. This provides significant new support and funding to industry to boost the skills levels across companies and their employees.

- *Jobskills Programme – Northern Ireland*

The Department of Employment & Learning manages the Jobskills programme. This is a training programme that pays a weekly training allowance or a wage while trainees get the skills, qualification and experience they need to help find a job. It consists of Access, Traineeship and Modern Apprenticeship training.

4.2 Education: National Overview

The education system in Ireland and the United Kingdom (UK) is one of the best in the world according to the 2006 independent IMD World Competitiveness Report. Education and Training is a vital component of Ireland's knowledge-based economy, and is a priority investment under the National Development Plan. Similarly in Northern Ireland the Department for Employment and Learning (DEL), responsible for the policy and funding of the Further and Higher Education sector, has supported the growth of a knowledge-based economy and made this one of its main strategic objectives.

Ireland was one of the first European countries to grasp the economic importance of education (OECD) and economic studies have suggested that this up-skilling of the labour force accounts for almost 1% per annum of additional national output over the last decade or so. The proportion of 25-34 year olds that have attained tertiary education now stands at 37% in the Republic of Ireland and 33% in the UK, compared to an EU average of 27% and a US average of 40%. Despite concerns over meeting future demands for graduates in science, technology and engineering, the IMD World

Competitiveness Yearbook 2005 has ranked Ireland's education system 2nd and the UK's 8th from 60 countries surveyed for meeting the needs of a competitive economy.

The table below shows how Ireland and the UK's Educational System meets the needs of a competitive economy*

Ireland	7.43
Belgium	6.76
Netherlands	5.68
USA	5.65
France	5.48
Germany	5.03
UK	4.40
Spain	3.51

*Source - IMD World Competitiveness Yearbook, 2006

Each year almost 4,000 life science graduates qualify from Northern Ireland universities, indicating, the level of expertise and number of people attracted to work and study in this sector should continue to develop. (source:www.investni.com).

The table below shows the level of Higher Educational Achievement - % of population that has attained at least tertiary education*

Ireland	37.0
France	37.0
Denmark	35.0
UK	33.0
Switzerland	29.0
Netherlands	28.0
Germany	22.0
Hungary	17.0
Czech Republic	12.0

*Source - IMD World Competitiveness Yearbook, 2006

Both the UK's and Ireland's total investment in knowledge (including investment in public and private spending on higher education) has been a significant factor in the success of creating a highly skilled and motivated workforce. Surveys show that foreign investors consider the quality and the 'can do' flexible attitude to be two of the country's greatest advantages. The tables below clearly show how attractive the Irish and the UK labour markets are to FDI companies.

Labour Productivity (PPP) - GDP per person employed per hour. (US\$)*

Ireland	47.18
France	46.08
USA	44.90
Netherlands	37.29
Germany	36.35
UK	36.29
Japan	32.38
Hungary	22.47

*Source - IMD World Competitiveness Yearbook 2006

Worker Motivation*

Ireland	7.68
Japan	7.21
USA	7.09
Netherlands	6.39
Czech Republic	6.29
Germany	6.09
Hungary	5.88
UK	5.78
France	5.10

*Source - IMD World Competitiveness Yearbook 2006

4.3 Mutual Recognition of Education Qualifications

The promotion of mutual recognition of qualifications is an important factor in a border region such as Newry and Dundalk, where employers share a labour force which has qualifications from different awarding bodies in separate jurisdictions. Although the European Commission has taken action to clarify and strengthen the law on the mutual recognition of qualifications, in many cases Member States, including Ireland and the UK, have not signed EU Directives into national law.

InterTrade Ireland has undertaken a mapping exercise of educational and vocational qualifications on the island. The study of recruitment practices of employers in Northern Ireland and the six border counties of Ireland carried out by the EURES Cross-Border Partnership indicated that employers North and South do recognise cross border qualifications. However, further research is needed on the level of recognition across a wide range of qualifications.

4.4 Population, Employment Levels, Immigration and Labour Supply

4.4.1 Population

Ireland's population growth is accelerating, as both the natural increase and net migration boost the numbers living here. Population growth since 1990 in Ireland has been faster than in Northern Ireland or the European Union (EU) averages. According to Census 2006 figures, the rate of growth in the Republic of Ireland was 1.8% between 2000-2005, in comparison with 0.4% in Northern Ireland and a modest 0.2% in the EU. In a study of demographic trends, economists have forecast that projected population declines across much of Europe meant Ireland's already strong economy will look even more attractive in a European context over the next decade.

4.4.2 Employment Profile: Newry / Dundalk

	Key Facts	
	Newry	Dundalk
Area (sq km)	15.36	24.22
Population	18,869	11,511
Economically Active	13,108	9,161
Employment total	6,348	4,541
Employment - modern manufacturing	890	854
Employment - services	473	652
Unemployment	761	610
No. with 3rd level qualifications	1,666	1,513
Travel to work*		
by public transport	240	6728
bicycle and walk	1162	759
by private transport	4580	3506

* N.B: Newry figs (NISRA Census 2001) are for 16-74 age group while Dundalk figs (CSO 2002) are for 5+ age group, hence the significant difference.

4.4.3 Labour Supply

It is widely acknowledged that the availability of skills has been amongst the key factors in Ireland's current economic prosperity. The supply of educated and skilled labour will continue to play a central role in establishing Ireland as knowledge-based economies. Imbalances between the supply and demand of skills can have an adverse effect on economic performance. A number of areas of the economy are currently experiencing skill shortages. Addressing current and minimising future skill imbalances is of vital importance for the economy.

According to the Annual Competitiveness Report 2006, employment growth has risen steadily since the early 1990s, driving increases in the total labour force. This growth

has been assisted by high levels of immigration and natural increase, and along with increased levels of female labour force participation. In particular, long-term unemployment fell sharply between 1995 and 2000.

One of the reasons why so many companies choose Ireland is because of the unique workforce - Ireland has one of the youngest populations in Europe with over 40% under the age of 25 years. Ireland's unique population and age structure that has fuelled much of Ireland's recent prosperity will continue for the next 15 years with a key focus on education and research in Ireland. The youthful demographic profile underpins the future labour supply, and by 2010 (according to UN projections), under 25s will represent 32.8% of the population in Ireland, compared to the projected 27.9% European average. It is worth noting that the number of school leavers is predicted to continuously decline in the medium term, which will affect the number of third level graduates available. However, the decline is likely to be modest and could even be reversed by inward migration.

The proportion of the population aged over 65 is the lowest in Europe, as is the overall dependency ratio (the proportion of the population aged under 15 and over 65). Within the EU 15 group, Ireland has the proportionally largest economically active age group (16 to 64). Sustained strong growth in the labour supply will maintain a capacity for growth in Ireland that will far outstrip that in other EU countries where the demographic outlook is much less favourable.

A recent report produced by Dundalk Economic Development Group indicates that businesses in Dundalk view the availability of skilled labour as being an important strength for Dundalk, with 53% of responding firms considering this factor to be an important or very important strength.

Demographics have a major impact on the available labour resource in any region. Declining levels of second level school leavers has had a knock on effect admissions to third level education institutes across the Republic of Ireland. However, Dundalk and County Louth generally have higher proportions of persons aged 0-14 than is the case for the State as a whole. With regard to the population aged 15-24 this is also the case for Dundalk, but County Louth's proportion is slightly less than that for the State as a whole.

<i>Comparative Demographic Profile of Dundalk - Age Profile of Population in 2002: % of Population by Age Group and Age Dependency Rate.</i>							
Area/Region	Population Aged 0-14 2002(%)	Population Aged 15-24 2002(%)	Population Aged 25-44 2002(%)	Population Aged 45-64 2002(%)	Population Aged 65-74 2002(%)	Population Aged 75 plus 2002(%)	Age Dependency Rate(%)
Dundalk	23.3%	16.9%	29.2%	20.0%	6.0%	4.7%	34.0%
Louth	22.7%	16.1%	30.3%	20.5%	5.7%	4.6%	33.0%
State	21.1%	16.4%	30.1%	21.2%	6.3%	4.9%	32.3%

*Source – Census of Population 2002

4.6 Immigration

The extent of migration into Ireland since 1995 has been significant, largely due to Ireland's EU membership and the increase in labour mobility, particularly from the new accession states in Central and Eastern Europe. From being the only net exporter of people in the EU in 1994, Ireland is now the second largest per capita importer of people in the EU (after Spain).

Ireland's rate of inward migration is more than twice the EU and US averages. In Northern Ireland, the rate of emigration has grown marginally in recent years. Foreign nationals are now estimated to account for almost 10% of the total population. This source of labour is proving to be a vital competitive factor for many Irish companies and sectors, particularly in the tourism and hotel sector, in manufacturing, in information technology, and in fruit and vegetable harvesting.

4.6 Labour Mobility and Commuter Belt

The improved rail and road infrastructure and the Newry/Dundalk areas geographical location has led to a significant 'brain drain' of talented professionals to the principal cities of Dublin and Belfast. In particular the rising property prices in Dublin has significant widened the commuter belt to the Newry/Dundalk region.

A recent commuter survey undertaken by Dundalk Chamber of Commerce showed that a significant number of commuters would stay in the area if appropriate jobs were available. From a total of 116 people interviewed 115 (99%) stated they would prefer to work in Dundalk than have to commute to Dublin on a daily basis. Furthermore, 76 of the 116 people interviewed (65%) stated they would be willing to accept a job with less income in order to work in the Dundalk area.

The proposed bridge at Narrow-water linking Warrenpoint and Omeath and the proposed Newry Southern Bypass relief road would further encourage labour mobility within the region.

4.7 Quality of Life

Quality of life is increasingly becoming an important factor in the recruitment efforts of many regions. The Westmeath County Enterprise Board, for example, actively promotes the quality of life in the area in an effort to encourage people to live in the region. The Newry/Dundalk area boasts an excellent quality of life, with strong factors including geographical location, recreation and leisure offering, proximity to the sea, heritage and attractions, childcare and healthcare services. There is a considerable opportunity to pro-actively promote the quality of life in the area to attract inward investment, attract new talent to the area and retain existing talent.

The World Values Survey is an internationally comparable collection of surveys about quality of life. One of its life perception questions asks respondents to score out of 10 their overall life satisfaction. Both Northern Ireland and the Republic of Ireland score very highly by this measure.

Chapter 5: Methodology

5.1 Research Objectives

The key objectives of this report are twofold:

- Identify skills gaps in local workforce from industry consultation
- Identify readily available skills in the local labour market and highlight opportunities where the skills resource in Dundalk and Newry may be pooled to act as a key selling point to attract inward investment

5.2 Definition of Skill Gap

The term skill gap refers to a situation where there are an insufficient number of trained/qualified individuals in the labour pool to meet the demand for a particular occupation.

A skill gap may arise for a number of reasons. For example, the working conditions may be such that relatively few people with the relevant skills are attracted to the occupation in question. The gap may also reflect a temporary or sustained increase in the demand for a particular expertise, or a reduction in the number of students who are acquiring the relevant qualifications.

The purpose of this report is solely to identify where these skill gaps exist and to identify readily available skills in the local labour market. Further study is necessary to identify the causes of these shortages and, consequently the appropriate policy response.

A number of research techniques were used during the study including desk research and field research with key stakeholders and numerous organisations in the two identified sectors, namely the financial services sector and science-based sectors from Engineering through Food Production into Bio-Pharm.

5.3 Sector Definitions

Financial Services Sector; Companies must be key players in the financial services sector and offer products directly to the marketplace. ie: they must be involved in fund management, wealth management & creation, direct lending, or offer major consulting services.

Science Based Firms: Companies must be key players in the emerging science-based sectors from Engineering through Food Production into Bio-Pharm. ie: they must be involved in engineering/precision engineering, bio-pharmacy, food production, science etc..

5.4 Methodology

To achieve the aims and objectives of the study an integrated programme of research was undertaken involving:

- Extensive literature review including central government and agency reports, academic publications and regional strategies
- Field research incorporating a number of face-to-face interviews with policy makers, higher educational establishments, industry representative bodies and other stakeholders in Newry and Dundalk
- Field research incorporating a mixture of face to face and telephone questionnaires targeting 40 pre-agreed industry representatives in the Newry and Dundalk areas
- Database assembly and analysis of national and regional labour market trends with particular reference to the financial and science based sectors
- Consideration of policy implications

The research approach was designed to provide both a qualitative and a quantitative assessment of skills gaps in the local workforce and readily available skills in the local labour market. The quantitative analysis is set within the boundaries provided by the industry stakeholder questionnaires and national and regional statistics. The interviews with senior public sector and industry officials were designed to provide qualitative assessments of the skills gaps and skills supply in the region.

5.5 Outline of Approach

The study was conducted in four phases as outlined below:

Phase 1

This was the overall planning phase and involved establishing agreements and understanding between the project co-coordinator and **consultant company** on the following issues:

- Definition and agreement on the outputs of the report
- Agreement on the content of the report
- Agreement on the names and contact details for the proposed participants in the research
- Agreement on the proposed methods of obtaining input and feedback from the various stakeholders. These methods included the appropriate use of telephone interviews, structured one to one interviews, and consultation with steering group regarding labour trends and sector growth opportunities
- Deadline dates for data collection and the presentation date of the research findings

Phase 2

This was the industry consultation phase. Initial contact with companies was via telephone, to establish the name of the relevant individual within each organisation with a recruitment / HR function to whom questionnaires could be sent. Field research was conducted incorporating a number of face-to-face interviews with policy makers, higher educational establishments, industry representative bodies and other stakeholders in the

Newry and Dundalk areas. A mixture of face to face and telephone questionnaires targeting 40 pre-agreed industry representatives in the Newry and Dundalk areas was conducted with companies operating within the financial services sector and the science-based sectors from Engineering through Food Production into Bio-Pharm.

The interview format was framed consensually by a small steering group of key stakeholders, including InterTrade Ireland, Dundalk Chamber of Commerce, Newry Chamber of Commerce and Trade, DKIT, Newry Institute and other industry representatives. Consultation also involved recruitment service operators to ensure current market feedback.

Phase 3

This phase involved a desk review and summary of the study findings including analysis of available labour and training reports at a local and national level. A gap analysis audit formed part of this phase identifying gaps in training provision and opportunities for additional or specialist training provision.

Regional analysis on population, demographics, employment levels, investment record, jobs availability, sector strengths, education and training will form a major part of this section. An overview of national reports from bodies such as the Department of Employment and Learning in Northern Ireland and FÁS in the Republic of Ireland were included to put local issues in a broader context.

Phase 4

This was the report-writing and presentation phase during which all industry interviews and stakeholder consultation was analysed. This report outlines the key findings and recommendations from the study.

5.6 Company Location

All of the companies surveyed are located in the Newry and Dundalk region.

Chapter 6: Findings

6.1 Overview of Respondent Companies

The target group for the survey was selected companies located in the Newry and Dundalk region operating in the financial services and science-based sectors. These companies were identified through the Chamber of Commerce membership and regional trade directories. Companies across the two sectors targeted totaled 40 which can be further broken down as follows:

Table 1: Survey Sample

Sector Targeted	Total number of companies	Number of companies in Newry	Number of companies in Dundalk
Financial Services	20	10	10
Science based sector	20	10	10

6.2 Response Rate

Of the 40 companies identified, 32 responded, representing a response rate of 80%. In addition there were 3 responses from recruitment companies in the area. The location of respondent companies is broken down as follows:

Table 2: Response Rate

Sector	Total number of respondent companies	Number of respondent companies in Newry	Number of respondent companies in Dundalk
Financial Services	16	9	7
Science based services	16	7	9

6.3 Company Size

The respondent companies in the survey sample ranged from companies employing less than 10 employees to companies with in excess of 50 employees. The table below presents the company size in each of the two sectors and both Newry and Dundalk:

Table 3: Financial Services Sector

Number of Employees	Newry (% of Companies)	Dundalk (% of Companies)
1-10	0	14%
11-49	38%	0
50+	62%	86%

Table 4: Science Sector

Number of Employees	Newry (% of Companies)	Dundalk (% of Companies)
1-10	14%	7%
11-49	14%	18%
50+	72%	75%

6.3 Current Vacancies Reported

All employers were asked if they had any vacancies at the time of interview. Overall, 59% of companies reported to have at least one current vacancy, with the remaining 41% reporting to have no current vacancies. This indicates a particularly high level of companies with current vacancies, but it is worth noting that the survey involved a high percentage of employers with over 50 employees, and it would be expected that such large organisations would be involved in on-going recruitment. The vast majority of companies with vacancies were large employers with 50+ employees (94%), with a very small number of smaller employers with 1-49 employees (6%) reporting to have current vacancies.

Table 5 shows the proportion of companies in the Financial Services sector that reported having at least one current vacancy. Table 6 shows the proportion of companies in the Science sector that reported having at least one current vacancy.

Table 5: Current Vacancies in the Financial Services Sector

	All Employers	Financial Services Sector (Dundalk)	Financial Services Sector (Newry)	Financial Services Sector (Overall)
Current Vacancies	59%	71%	44%	58%
No Current Vacancies	41%	29%	66%	42%

Table 6: Current Vacancies in the Science Sector

	All Employers	Science Sector (Dundalk)	Science Sector (Newry)	Science Sector (Overall)
Current Vacancies	59%	78%	43%	60%
No Current Vacancies	41%	22%	57%	44%

6.4 Vacancy Types

Employers that reported having at least one current vacancy were asked to specify the type of vacancies from six industry standard categories, as displayed in Table 7. The table clearly shows the demand for different skills between the two sectors.

The highest number of vacancies in the financial services sector is currently in the ‘sales’ and ‘professionals’ categories with 40% of respondents reporting vacancies in these areas. 27% of companies reported having current vacancies in the ‘managers and senior officials’ category and 20% reported having current vacancies in the ‘administrative and secretarial’ category. This is not surprising considering the professional nature of the financial services industry with the necessity for recognised qualifications and the increasing demand for sales related staff, particularly in the FDI customer centres that have located in Dundalk recently.

The highest number of vacancies in the science sector is currently in the ‘operatives’ and ‘administrative & secretarial’ categories with 38% of respondents reporting vacancies in these areas. This is not surprising considering the production and manufacturing sections within many of the companies interviewed. A significant number of companies also reported vacancies in the ‘managers & senior officials’, ‘professionals’ and ‘skilled trades’ categories, with 25% of all companies reporting to have at least one vacancy in each of these categories.

Table 7: Vacancy Type by Industry Sector

	Managers & Senior Officials	Professionals	Administrative & Secretarial	Skilled Trades	Sales	Operatives
Financial Services Sector	27%	40%	20%	0%	40%	0%
Science Sector	25%	25%	38%	25%	13%	38%

6.5 Recruitment Difficulties

6.5.1 Level of Difficulty Experienced with Recruitment

Companies were asked if they had experienced any difficulty with recruitment over the past 12 months. Overall 58% of companies stated they had experienced difficulty filling at least one position in the past 12 months. Table 8 shows that 54% of companies in the financial services sector have experienced difficulty filling a vacancy in the past 12 months and 62% of companies in the science sector reporting they have had difficulty filling at least one vacancy in the past 12 months.

These statistics indicate a very high level of recruitment difficulty, but it must be noted that the overall survey sample was relatively small and a number of the companies interviewed are FDI organisations with accelerated recruitment drives at present. 81% of all companies stated that they actively recruited from outside the immediate area (within a 20 mile radius) which would suggest that companies in both Dundalk and Newry view the larger Newry/Dundalk region as their available labour pool.

Table 8: % of companies experiencing recruitment difficulties in the past 12 months

Sector Targeted	Experienced difficulty to fill vacancy (% of Companies)	No difficulty to fill vacancy (% of Companies)
Financial Services	54%	46%
Science based sector	62%	38%

6.5.2 Recruitment Difficulty by Job Category

Companies that reported to have experienced difficulty filling at least one position in the past 12 months were asked to specify which job category the company had experienced difficulty filling. Table 9 shows a breakdown of job categories with recruitment difficulties by industry sector.

Table 9: Recruitment Difficulty by Job category

	Managers & Senior Officials	Professionals	Administrative & Secretarial	Skilled Trades	Sales	Operatives
Financial Services Sector	20%	27%	20%	0%	40%	0%
Science Sector	13%	13%	6%	25%	13%	25%

6.5.3 Recruitment Difficulty – Effect on Business Performance

All companies were asked if recruitment difficulties had caused any adverse effect on business performance. Table 10 below shows the various effects which recruitment. A high percentage of companies (35%) reported to having difficulties meeting customer service standards and quality objectives. 19% reported higher running costs as a result of recruitment difficulties, largely due to costs associated with employing the services of recruitment agencies.

Table 10: Adverse effect to business performance

No effect on business	Loss of business to competitors	Difficulties meeting customer service/quality objectives	Higher running costs	Delays in product development
3%	10%	35%	19%	3%

6.5.4 Measures taken to fill Difficult Positions

Companies were asked to indicate the steps they have taken to fill positions which have been difficult to recruit for. Table 11 shows that the vast majority of employers (39%) simply increased the number of recruitment methods to promote the vacancies more widely. It is interesting to note that 19% of employers took the step of recruiting from overseas, which is not surprising considering the high levels of immigration in recent years, particularly from Central and Eastern Europe.

Table 11: Measures taken to fill difficult positions

Used more forms of recruitment than normal	Increased salary and/or incentives	Recruited staff from overseas	Built links with education providers	Recruit less qualified people	Train existing staff to fill position	Hired part time or contract staff
39%	13%	19%	6%	3%	10%	10%

6.5.5 Employee Training Provision by Local Companies

Up-skilling the current workforce is regarded as an essential part of sustaining the labour resource of any organisation. Providing regular training for employees has the two-fold benefit of increasing skill levels within the company and improving staff loyalty. Table 12 shows that 68% of companies interviewed have provided some level of staff training in the last 12 months, with 52% stating the company had provided in-house training, 29% had outsourced training providers and only 19% had used 3rd level education providers to train staff.

Table 12: Training provided by local companies in the last 12 months

Job training in last 12 mths	In-house Training	Outsourced training	3rd Level training
68%	52%	29%	19%

6.6 Summary of Findings

Many vacancies that arise are either routine replacement of staff losses, the creation of new posts requiring staff with skills new to the business or the expansion of the workforce to meet increased demand.

From the survey sample 59% of companies reported having current vacancies. There was minimal difference between vacancy levels reported between companies operating in the financial services sector and those operating in the science sector. There was quite a high level of current vacancies reported from companies in the financial services sector in Dundalk (71%) compared with Newry, where 44% of companies in this sector reported having current vacancies. This is most likely due to the fact that Dundalk has recently attracted a number of large FDI companies that are recruiting at high levels at present. Dundalk has been able to attract more large multi-national companies than

Newry largely due to the more favourable corporation tax rates in the Republic of Ireland.

In terms of the category of vacancies reported by companies there was a distinct difference between the two sectors. Approximately 40% of companies in the financial services sector reported vacancies in the 'sales' and 'professionals' categories, which is consistent with the overall skills need of the sector for accounting professionals and sales related staff for the rising number of customer centres in banking. It was also discovered that some financial services companies have initiated 'Refer a Friend Reward Schemes' to fill vacancies, usually offering €500 reward.

The increasing level of mandatory qualifications in the financial sector will place more pressure on the labour resource, with many organisations competing for the same pool of qualified people. In terms of specific skills needs within the financial services sector companies reported skills shortages in the following areas:

- People with professional qualifications, such as Qualified Financial Advisor (QFA) Qualification
- Specialist knowledge in selective areas of share holder services, financial advice (i.e. IHT, Pensions and Trust Work)
- Experience in specialist financial software systems, such as Sage Line 50, Payroll, New-Generation Transfer Agency System (NTAS)
- Programmers with SAS, SQL or other similar programming skills
- Experience in business development, credit, financial negotiation, sales and marketing
- Training provided by the Institute of Chartered Accountants in Ireland

With regards to the science sector, the vacancy type was significantly different with 25% of companies reporting vacancies in the 'operatives' and 'administrative & secretarial' categories. Again this is consistent with the overall skills need of this sector considering many of these companies have production and manufacturing sections to their operations.

In terms of specific skills needs within the science based sector companies reported skills shortages in numerous specialist areas, such as precision engineering, renewable energy technology. 38% of companies that reported difficulty in recruitment stated they had recruited directly from overseas in countries such as India, Poland, Lithuania and other areas of Central/Eastern Europe. A number of companies also reported that they have up-skilled their current workforce to fill vacancies (eg: training technicians to up-skill from assembly to more skilled diagnostic roles).

6.7.1 Skill Gaps in the Existing Workforce

A skill gap may arise for a number of reasons. For example, the working conditions may be such that relatively few people with the relevant skills are attracted to the occupation in question. The gap may also reflect a temporary or sustained increase in the demand for a particular expertise, or a reduction in the number of students who are acquiring the relevant qualifications

Both Newry and Dundalk Institutes offer a wide range of courses and learning facilities, which are continuously updated in an effort to match student demand with industry requirements. Consultation with both Institutes revealed that it would be impossible to provide an 'exact fit' between education provision and industry demand. This would require countless niche courses with very small student numbers. Instead both institutes strive to provide an education offering which balances student course demand with industry skill requirements. The majority of students graduate with a broad knowledge in their chosen field of study, which will most likely require additional specialist training to become 'fully skilled' in the work environment.

6.7.2 Limitations of Study

- The labour supply for financial occupations is difficult to assess, both in terms of its quantity and quality due to the fact that individuals can choose to undertake professional examinations at any level of education and enter employment, both within or outside of the financial area. For the majority of the selected financial occupations no mandatory qualifications are required, however there is an increasing level of mandatory qualifications where financial advice forms part of the job.
- There is always a fraction of the labour supply which enters the unemployment pool or employment overseas, or simply changes the area of interest and enters the education system anew and hence it is more difficult to forecast future supply trends.
- The education process associated with professional qualifications does not have a fixed duration. For many people it takes many years before they are fully qualified bankers, accountants, tax experts or actuaries. As a result, the data on current supply stock cannot be used as a cornerstone for the future supply flows.
- Difficulty in calculating turnover figures due to the high level of start-ups

Chapter 7: Summary & Recommendations

7.1 Summary

The general buoyant economic climate coupled with business development efforts by local stakeholders and favourable location, demographic conditions and industry trends has resulted in unprecedented economic development in the Newry/Dundalk region in recent years. The Newry/Dundalk region's success in the coming years will be fundamentally dependent on its ability to successfully package and promote the region in a manner that offers a more attractive pool of resources to prospective investors, particularly FDI companies.

The fact that 59% of all companies interviewed reported having at least one current vacancy highlights the vibrancy and growth of the local economy, but also indicates a distinct shortage of skills in the local labour resource. Companies in the Dundalk area reported a high level of current vacancies in comparison with companies based in Newry, with 71% of companies reporting vacancies in the financial services sector compared with 44% in the Newry area and 78% of companies in the science sector reporting vacancies compared with 43% in Newry. This would suggest that the recent high levels of FDI investment in Dundalk has stretched the local labour force.

In terms of skills gaps in the local labour market it was not surprising to discover that the main gaps in the financial services sector were in the *'sales'* and *'professionals'* categories with 40% of respondents reporting vacancies in these areas. There is considerable demand for local graduates in the financial services sector, with many companies making direct links with both Newry Institute and DKIT to promote employment opportunities. Similarly in the science sector, the skills gaps were consistent with the wider industry 38% of companies reporting vacancies in the *'operatives'* and *'administrative & secretarial'* categories. It was clear from the study findings that immigration trends has been a huge benefit to companies operating in this sector, with many local companies pro-actively sourcing immigrants due to the shortage in supply from the local labour market.

The study showed that 58% of companies in the region reported having recruitment difficulties in the last 12 months, further highlighting the skills gaps in the local labour resource. A number of steps should be taken to sustain and develop the labour resource to avoid the shortage in labour supply detrimentally affecting the performance of local businesses and to position the area to benefit from inward investment opportunities. The fact that 35% of companies had experienced difficulty meeting customer expectation levels and 19% had suffered from higher running costs due to recruitment difficulties highlights the seriousness of the problem. Steps to sustain and develop labour supply should include:

- Improve links between industry and DKIT/Newry Institute
- Promote opportunities for local employment to prevent the 'brain drain' from daily commuting to other areas, principally Dublin and Belfast
- Up-skill the local labour force, thereby building knowledge capacity
- Pro-actively attract new talent to the region (promoting the high quality of life as a major incentive)

Skills gaps are not limited to recruitment difficulties, but also to existing staff in many companies. A total of 51% of companies interviewed reported having skills gaps in their current workforce. Encouragingly a high percentage of companies had provided training for staff with 68% reporting that training had been provided in the last 12 months. However, it must be noted that the majority of training was delivered in-house (52%), whereas 29% of companies had outsourced professional training and only 19% of companies using 3rd level institutes for their training needs.

Initiatives such as the Recognition of Previous Learning (RPL) and Lifelong Learning have the potential to play a major role in developing the labour market via up-skilling the local workforce. These initiatives have been agreed at high levels within government in recognition of the importance of up-skilling the labour market. The RPL initiative is an exciting development for future industry/education collaboration as employees will have the opportunity to submit a portfolio of their work experience for assessment and be given credits towards recognised qualifications appropriate to their line of work. This would have the benefit of increasing employee morale and would provide companies with an increasingly skilled workforce.

Although agreed at Government level, RPL is at an early stage of development and has not been pro-actively rolled out to industry by the education sector. There may be an opportunity to work with government departments to develop a pilot scheme of RPL in the Newry/Dundalk region. In addition, there is an opportunity for RPL to be piloted at undergraduate level. A high proportion of students work an average of 20-25 hours per week and during breaks in the education calendar, however the vast majority of this work is not in the same area as the students' field of study. If students were given the opportunity to earn credits towards their course or additional qualifications through an RPL linked 'workplace tutorial scheme' undertaken during employment with local companies, the uptake levels would undoubtedly be high. This initiative would have the benefit of providing students with relevant work experience and would allow companies to assess candidates with knowledge relevant to their business for potential future employment.

It is recognised that it is impossible to achieve an exact fit between student educational demands and industry skill requirements. However, there is a need for a closer working partnership between Newry Institute and DKIT and the industry within the Newry/Dundalk region. Improved collaboration with industry representatives will help local education and training providers keep their curricula and programmes up-to-date with developments in the industry and thereby maximise employment opportunities for their graduates.

The Newry & Mourne Labour & Education Forum has made great steps to improving communication links between education and industry. It would be advisable to explore the possibility of widening this forum to a cross border level including representation from both Newry and Dundalk. A formalised group could address important areas of shared concern such as cross-border labour market issues. To help make employment mobility a reality within the region it is essential to provide information and advice to employers on cross-border labour market issues.

Although there is a general acknowledgement of the need for increased collaboration between the major stakeholders in the Newry and Dundalk areas, there has been no significant sustained level of high profile partnership working. Any joined-up working to date has been conducted on an ad-hoc project by project basis, rather than a strategic level progressing large scale signature projects.

An Economic Development Forum 'Newry/Dundalk Plc' comprising representatives from industry, Chambers of Commerce, Local Authorities, Education providers and key stakeholders should be established to oversee the economic development of the region and ensure the status of the region is raised to national significance.

To date both areas have predominantly been acting independently with regards to attracting inward investment, particularly in efforts to attract multi-national FDI companies. The proposed cross border 'Newry/Dundalk Plc' economic development forum could develop and lead a high level strategic plan to attracting inward investment to the region. This must include efforts to raise the profile of the Newry/Dundalk region with key influencers at a national level, principally Invest NI and the IDA.

There is a need to identify the best prospects for inward investment to the region. This study has indicated that the financial services sector is particularly strong in both Newry and Dundalk. There are many companies operating in this sector in Newry, but most tend to be relatively small accountancy practices, with a few exceptions. Dundalk has benefited greatly from the IDA strategy of trying to attract financial services FDI companies to the North East. The favourable corporation tax levels in the Republic of Ireland have helped attract a number of large FDI employers to the Dundalk area including Halifax, Daiwa Securities, Vesta and ACC Bank.

There is great potential to position the Newry/Dundalk region as the regional stronghold and base for financial services outside Dublin and Belfast. Cheaper rental rates compared with Dublin provides the region with an excellent opportunity to attract more inward investment. A key signature project for the region to work towards could include a lobby to secure a regional centre of the IFSC in the area, possibly housing some of the IFSC support functions. If the vision to develop the Newry/Dundalk region as the regional financial services base in Ireland is agreed plans to sustain the existing and future labour resource in the region must be put in place. It would be imperative to identify the current and future skills requirements of leading international financial firms, effectively setting out a skills road-map for the education sector.

The recent commuter survey undertaken by Dundalk Chamber of Commerce highlighted the high levels of daily commuters from the region that travel to work in the financial services sector in Dublin. Any strategy developed must include plans how to educate and up-skill the local labour force in this sector, encourage existing skills resource from commuting to other areas, and to attract new talent to the area with appropriate skills and knowledge.

7.2 Vision / Development Directions

The main recommendations are outlined below:

- The Newry/Dundalk region needs to select key 'Champions' to move projects forward and raise the profile of the area for inward investment
- Communication and partnership working needs to be developed in three key areas of collaboration:
 - Dundalk Newry Plc (the proposed group of key stakeholders including industry representatives, Chambers of Commerce, Local Authorities and Education providers)
 - Between businesses in the Newry and Dundalk region
 - Inter-college to agree a combined strategy to address skills shortage in the region
- Create a cross-border forum to address employment and skills issues
- Pool and develop skills resource via knowledge transfer and clustering projects
- Develop a high level strategic plan to attracting inward investment to the region
- Brand the '*Newry and Dundalk Region*' and raise the profile of the area with key influencers at a national level, principally Invest NI and the IDA
- Develop the Newry/Dundalk region as the regional financial services base in Ireland
- There is a strong need for a large signature project to act as a catalyst to encouraging real partnership working, such as the lobby to secure a regional centre of the IFSC in the region
- Need to become more 'regionally focused' considering the trend towards regionalising services in both the North and South (Health Services in the ROI, Further and Higher Education in NI, Regional Tourism Partnerships in NI and ROI, Review of Public Administration in NI etc..)
- Recognise the significant role which the Recognition of Previous Learning (RPL) initiative can have on addressing skill gaps and up-skilling the current workforce - Lobby government departments to run a pilot RPL programme in the region

APPENDIX

Skills Audit Questionnaire

Name of Organisation _____ Contact _____

Type of Company _____

How many employees do you have?

1 – 4 _____ 5 – 10 _____ 11 – 49 _____ 50+ _____

How many vacancies do you currently have? _____

How many new recruits have you taken on over the last 12 months? _____

How many employees have left in the last 12 months? _____

How many employees did you have 12 months ago? _____

What type of vacancies do you have?

Number of vacancies

Managers & Senior Officials	
Professionals	
Administrative & Secretarial	
Skilled Trades	
Sales	
Operatives	

Have you experienced difficulty filling vacancies in last 12 months? Yes ___ No ___

In which role has the difficulty been...

Managers & Senior Officials	
Professionals	
Administrative & Secretarial	
Skilled Trades	
Sales	
Operatives	

Main reason for difficulty in filling position?

Shortage of people with required skills	
Shortage of people with relevant work experience	
Shortage of people with qualifications required by the company	
Low number of applicants generally	
Poor attitude/motivation of candidates	
Competition from other employers	
Salaries offered are lower than other firms	
Nature of the job	

Do you pro-actively recruit people from outside the immediate area (ie 20 miles)?

Yes ___ No ___

Effect of difficulty in filling positions in last 12 months?

No particular problems	
Loss of business to competitors	
Difficulties meeting customer service/quality objectives	
Higher running costs	
To withdraw from offering certain products / services	
Inability and/or delays in developing new products	

Measures taken to fill difficult vacancies?

Used more extensive range of recruitment channels than normal	
Spent more on recruitment or used more expensive methods	
Increased salary/incentives to make job more appealing	
Recruited staff from overseas	
Built links with schools/colleges/universities	
Recruit less qualified people	
Train existing staff to fill position	
Hired part time or contract staff	

What were the main skills lacking?

Essential Skills (eg: literacy, numeracy & ICT)	
Employability Skills (eg: team working, problem solving, flexibility, customer service)	
Work based Skills (eg: skills specific to position)	

Are there any skills gaps amongst the existing workforce? Yes___ No___

What actions have you taken to address the skills gap?

Provide further training/development	
No particular measure taken	
Increase/expand trainee programme	
Increase recruitment	

Have you provided any job training in the last 12 months? Yes___ No___

In-house	
Outsourced (external trainers used on or off site)	
3 rd level institution (eg: DKIT, NIFHE)	

What skills gaps do you envisage for your company over the next 3 years?

Additional comments?

