

EXPLANATORY MEMORANDUM TO
THE ENTERPRISE ULSTER (DISSOLUTION) ORDER (NORTHERN IRELAND) 2007

S.R. 2007 No. 57

1. This explanatory memorandum has been prepared by the Department for Employment and Learning and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the House of Lords Select Committee on the Merits of Statutory Instruments.

2. **Description**

- 2.1 Following a Review and an Options Study of Enterprise Ulster the Secretary of State for Northern Ireland, when announcing the outcome of a Review of Public Administration on 21 March 2006, stated that Enterprise Ulster was to be abolished.

- 2.2 This Order winds up and dissolves Enterprise Ulster as established by the Enterprise Ulster (Northern Ireland) Order 1973. It also provides for the production of final accounts, for the safeguarding of records and of the continuity of and in respect to contracts and legal proceedings.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

- 3.1 None

4. **Legislative Background**

- 4.1 Enterprise Ulster was established by the Enterprise Ulster (Northern Ireland) Order 1973 as a corporate body.

- 4.2 Initially the Corporation was to exist for a period of five years. This limitation was continuously extended through a series of "Continuation of Function" Orders until 1986, when the limiting clause was abolished.

- 4.3 Article 12(3) of the 1973 Order made provision for the dissolution and winding-up of the Corporation. It is in exercise of the powers conferred by that Article that this Order has been made.

5. **Territorial Extent and Application**

- 5.1 This Order applies to Northern Ireland only.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- 7.1 Enterprise Ulster is a Non-Departmental Public Body which was established as a corporate body by the Enterprise Ulster (Northern Ireland) Order 1973 for the purpose of creating employment opportunities for the unemployed. The 1973 Order was amended by the Industrial Training (Northern Ireland) Order 1980, so that Enterprise Ulster now exists “for the purpose of creating or providing training for employment in Northern Ireland”.
- 7.2 The cost of providing training by Enterprise Ulster was becoming expensive. During the 2005/06 Financial Year (ie the last year when Enterprise Ulster was fully operational) it trained an average of only 398 participants at a cost of £3.710 million, thus giving an average cost per participant of £9,321. (The average cost per participant in 2001/02 was £5,582.)
- 7.3 A review of the Corporation had been undertaken during 2004, the aim of which was to determine whether the functions exercised by Enterprise Ulster were required at all and if they were, whether the existing Non-Departmental Public Body model was the best method of delivering those functions.
- 7.4 The review concluded in February 2005 that, “while the services currently performed by Enterprise Ulster are still required, there is no need for an organisation with Non-Departmental Public Body status to deliver such services”. It also concluded that Enterprise Ulster was no longer unique with respect to its provision or its target market.
- 7.5 An Options Study of the body was undertaken in 2005 in order to determine the viability of Enterprise Ulster as a private entity. The subsequent report recommended “that if senior management (in EU) are interested in taking the organisation forward as a private entity, they draw up a detailed business plan, obtain professional advice and enter into dialogue with the Department for Employment and Learning”. No such representations were forthcoming.
- 7.6 The Consultation exercise undertaken in respect of the draft legislation yielded only one response, that being from the Board of Enterprise Ulster. That response did not express opposition to the closure, but sought clarification on three points.
- 7.7 The purpose of this Order is therefore to terminate the functions presently undertaken by Enterprise Ulster.

8. Impact

- 8.1 A Regulatory Impact Assessment has not been prepared for this Order as it has no impact on business, charities or voluntary bodies.

- 8.2 There is likely to be a cost associated with the withdrawal of Enterprise Ulster employees from the Northern Ireland Local Government Pension Scheme. That cost has been estimated by the Government Actuaries as being in the region of £2.1million. Over the longer term the closure of Enterprise Ulster will result in financial savings which the Department could utilise on other provisions to assist the unemployed move into sustainable paid employment.

9. Contact

- 9.1 Malcolm Haigh at the Department for Employment and Learning Tel: - Telephone 028 90 726 710 or e-mail: Malcolm.haigh@delni.gov.uk can answer any queries regarding the Order.