



Northern Ireland
Assembly

Committee for the Economy

OFFICIAL REPORT (Hansard)

COVID-19 Response Plan: Invest NI

7 October 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Dr Caoimhe Archibald (Chairperson)
Ms Sinead McLaughlin (Deputy Chairperson)
Mr Stewart Dickson
Mr Gordon Dunne
Mr Gary Middleton
Mr Christopher Stalford
Mr John Stewart
Ms Claire Sugden

Witnesses:

Mr Donal Durkan	Invest NI
Mr Kevin Holland	Invest NI

The Chairperson (Dr Archibald): I welcome Kevin Holland, chief executive of Invest NI, and Donal Durkan, Invest NI's executive director of outcomes, value and impact. I invite you to make an opening statement, and then we will open it up to members to ask questions. Can you both hear us?

Mr Kevin Holland (Invest NI): Yes, we can. Thank you, Chair, for the welcome in the introduction. Can you see our presentation?

The Committee Clerk: Yes, we can now.

Mr Holland: Is that full screen for you?

The Chairperson (Dr Archibald): Yes, we can see it.

Mr Holland: OK. Very good. I am pleased to hear that.

First of all, thank you for inviting us back. We were here three months ago. It is a pleasure to come back and talk to you again about some of the things that we have been doing over the past few months. As we did the last time, I would like to make an opening statement. I have 14 slides to show you in 15 minutes. Then, we will have time for a long Q & A session.

There are some things that I would like to share with you at the start. I want to remind everyone that we have a lot of information sources for many of the things that we will cover in the meeting. There is the nibusinessinfo.co.uk site that we run, which will provide most of the information to businesses around things that we cover. We have a helpline, 0800 181 4422. If you are talking to businesses and

they are not sure about things, please feel free to share that. There is also a lot of material on our investni.com website. Let us talk live, but there are many sources for businesses as well if they want to look at some of the things that we talk about today.

When we were here the last time, we had just finished quarter 1 of the financial year. It is fair to say that the economy was hit pretty hard. I will show you some graphs on the next slide. Since then, if we look at the past three months, we can see that some businesses are getting back on their feet, showing resilience, returning to work and resetting what they do. A lot of what we will talk about today is the next bit: how we recover and how we get the Northern Irish economy to rebound and be a lot stronger when we look in two, four or six years' time. That is primarily what I would like to cover.

I will show you the graphs. The damage that was done to the economy in the first quarter was pretty deep. It seems like a long time ago, but I have included the graphs because the real export data from HMRC is not released until September. Although, last time, we had some of the graphs on the slide on the right-hand side showing that services and production declined, it is only recently that we can see that even the rolling exports from Northern Ireland reduced by 10% in quarter 1. For a rolling 12 months to drop by 10% must mean a dramatic drop in an individual quarter. We see that in the April to June figure, where there is a 30% reduction. It is not a surprise, and I am not going to focus on it, but I wanted to recognise that impact and the discussions that we had the last time on the impact that then has on jobs, the need for furlough and the risk to employment in the economy.

We are in October now. If we look at some of the indicators — I will say that these are indicators and surveys of sentiment rather than hard data — we see that it looks like there are some promising shoots of recovery. Last time, we talked about what recovery could look like; whether it would be V, W or L shaped. At least, in terms of sentiment, we have seen some good signals. I will say that manufacturing has experienced an upturn. There are still questions out there about whether that is because companies are rebuilding stock that they had used during the three months of lockdown when they were producing at a lower rate. Is it just replenishment or a real drive into the economy of recovery? We can talk about things that are happening in different places around the world, but the good news is that, at least, the shape of the curve has turned.

What can we do to make sure that that upturn becomes real and that we get as many businesses as we can across Northern Ireland back on their feet and working? I wanted to share this summary of schemes that are available for all businesses in Northern Ireland. Some schemes will be interesting to some companies and other schemes to other companies. A lot of that work, which is available, used every day and accessible to businesses, can really help businesses to survive through these difficult periods. I will pick some examples. "Industrial symbiosis" sounds complicated, but it is where we help to facilitate businesses talking to each other. Sometimes the waste from one business can be useful for another in creating new products. Another example is in regional development, where we have been supporting start-up and growth. That puts £16 million of business into local economic development agencies, supporting 18,000 businesses to go live in the early stages of their development.

There are other items. Innovation vouchers are open to many different businesses to help to figure out an idea and to try to bring it towards market. In trade — in the yellow section on the slide — we are helping a lot of businesses across Northern Ireland to find out more about markets. If you have a new product and want to understand what the market is, for example, for long-life bread in Algeria, we can help you to size that market, which is a first step towards doing a business plan. Corporate finance solutions help businesses to get access to the funding that they need to build their investments.

I wanted to start with that extensive availability of programmes that was in place before COVID-19 and is still in place. It can really help us to bring Northern Ireland up through the V-shaped recovery pathway.

What do the recovery shoots look like? I want to share a few examples of real work over the last six months that we have been intensively involved with. The slide shows some of the companies that are really driving economic growth through the recovery period. The table shows the bread-and-butter work that we do with intensive business casework with companies across the region. During the six months to September, we reviewed and appraised and moved to offer for over 1,000 businesses. That process can be a deep *[Inaudible]* review of a product, technology or market, an investment in production or a skills development programme. The culmination of that is that, when we believe in and understand the business plan for a company, we are able to commit to some future investment. In this case, the investments will bring around £220 million into the Northern Irish economy and create 1,500 jobs, and that will give an annual salary bill of £53 million, which can then recycle into the economy, as

those salaries are spent on local goods and services. The business of helping businesses to go live has been just as active in the last six months as in a normal six-month period in Northern Ireland.

Some of the companies that we mention have been doing some quite extraordinary things in the last six months. I have been to many of them recently, and they are observing good sanitation procedures, which you have just been talking about. Mackle Petfoods is announcing expansions. Neueda is bringing more recruitment into cybersecurity and software services. Huhtamaki normally makes boxes for McDonald's burgers; now, it is making face masks and helping to meet the needs for personal protective equipment (PPE) across Northern Ireland and beyond, as is Crebisol, which makes the disinfectants that we need. There are really interesting businesses doing interesting things at this time. At least one of the businesses named on the slide has told me that its biggest sales month ever was in June. Many businesses have been negatively impacted by COVID, but new consumer demand has created opportunities for others. We have been working on offers and helping those businesses to grow quickly.

We still have a strong pipeline of investment into Northern Ireland. I am very happy that, over the last months, we have been able to bring some new companies here. They often have Northern Irish champions. Those are people from Derry or Fermanagh who are living overseas and helping to bring their companies to set up in Northern Ireland by selling the benefits of Northern Ireland overseas. We also support that through the Northern Ireland connections. The slide shows real-life examples of the pipeline.

I want to take a few minutes on the next topic. The last time that I was here, I talked about the five things that we have had in our plan for a number of years. That is about job creation, trade and investment, innovation and commercialisation. We have been working on that and the Department for the Economy recovery plan. I heard that that is in the members' pack. We have been trying to tie this together to look at what recovery actions really look like and, for us, what we need to do to bring Northern Ireland through this period over the next 12 months, 24 months, three and five years. I have tried to distil that into eight key areas that are really important and that we will focus on as part of the overall recovery plan. I will go through them.

The first thing for me is that the fastest way towards recovery for many of our businesses is through export and external sales. We have to focus on how we can bring money into Northern Ireland quickly. Often, the quickest way is to expand your market into neighbouring markets or an additional market overseas. It is often faster than R&D projects. It is faster than new investment projects or building new factories. When we think about recovery, growing external sales as though the future of our economy depends on it is something that we are very focused on.

The second area is innovation. It is really important that we build an obsession with innovation in the Northern Irish culture. I have seen some brilliant examples of clever, wily, canny people doing some really cool stuff in the last few months. We have to focus on the landscape of funding for innovation and how we make sure that our universities, businesses and government bodies are collaborating well to try to bring as much of the available funding for innovation into Northern Ireland as is possible. We have to develop new products, new technologies and new business models if we want to be competitive in the future.

The third area is really important for me. Innovating is not enough; you also want to capture the value from innovation. We do that through entrepreneurship and commercialisation. The important development is how we can help businesses to be the first or the fastest to market or to scale up quickly. We have some very interesting scale-up programmes in Invest Northern Ireland, and we would love to double them and double them again. That brings real growth of the right kind to businesses here. We can offer a lot in helping people to understand markets, how to build a marketing plan and how to segment and target customers.

The fourth area is skills. We do not own the space, but we are part of that really important network. We are keen to collaborate with colleges, councils, universities and schools to try to do two things. One of those is to build the skills that businesses will need in the future, which is to look at our economic development, to look at the needs and to plan in advance. The second thing is to help employees with the skills that they need today. That is particularly important for people who are facing furlough, having to change their role or losing their job. We need to look at how we can quickly reskill them. We are part of that network, and it is clearly a key part of the economic recovery.

On the right-hand side of the slide is investment, which is fundamental. There are three key parts to it that we are looking at. The first is domestic investment. The majority of the projects that we work on

are with domestic businesses and helping them to invest in growth and expansion. Secondly, it is about helping international businesses here to expand their operations, whether that is to a new city or new location or through further hiring. The third part, which is the key one that we talk about often, is bringing foreign investors here, and I will come back to that shortly.

We did not really cover the next thing much the last time, but we did talk about the big-leap changes that Northern Ireland could do. Right now, getting into the green economy is so important for the world and the environment, but it is also a real commercial opportunity. We need to make sure that we can build a pathway to success in hydrogen, Artemis Technologies, biomethane, zero-carbon flights or zero-carbon cows. I see a lot of interesting technologies around this. Somehow, it is one of those battles that we need to win for Northern Ireland and to define where it is that NI will succeed best. Getting the green economy right is really important.

The seventh thing is a really big space, so they have tried to summarise it in a few words. There are real opportunities in global supply chains for dual sourcing and second sourcing. Now is an important time for us to do that for Northern Ireland, but to do that, we need to be competitive and improve productivity. We have launched tools with our partners, for example Digital 4.0, to help businesses to look at what they do, whether they could do it better digitally, and then assessing their operations to see how they can move to "best in class". That is really the way to get productivity up and to be more competitive.

The base platform of all of this is that we need the whole of Northern Ireland, the 1.8 million people and the businesses here. We are keen on making that unit work effectively and making sure that levelling-up happens across the board. A key part of that for us would be participating actively in the city and growth deals, and I will show you examples of those. We need to have society, economy, businesses, universities and government working arm in arm to try to make sure that we get the most out of the whole region.

Those are the eight things that we would like to report back on to the Economy Committee over the coming months, and even longer. In the short term, since we last met, we launched a number of COVID-specific schemes, and three of those are included on the slide. We have the digital selling capability grant, which we launched about a month ago. There is also the £5 million COVID-19 equity investment fund for businesses to grow through an investment of up to £700,000. The first is about how to reach new markets or go online to sell things better, and the second is about how you can fund your business more.

Yesterday and this morning, we are launching business and financial planning grants, which will help businesses in a wide range of sectors in science and technology and in construction and manufacturing to take a look at themselves now and, with professional help from consultants, at how we can do things differently or better. Detail of that is on the website. I encourage businesses to take a look at that over the coming days and then talk to us about how it could best work for them.

We have put a lot of work into designing robust schemes that pass the value-for-money test, the Government's additivity test, and that will help businesses through the next period. We are also proud that we have been able to deliver a lot of communications on behalf of the Executive Office. Dinner in the evening usually involves listening to Invest NI on the radio talking about outreach to businesses and how they can find help and support.

We have an update on the micro-business hardship fund. When we last met, in July, we had delivered around £12 million to businesses. The scheme closed since then. We have almost completed it. We have delivered £23 million to businesses, and around 4,300 applications have been approved for payment. Five complicated applications are left that will have independent assessment. We delivered a strong programme there. Invest NI spent around 3,000 person days on making that programme robust and making sure that the money got to the right businesses in the right places and was not used in the wrong way along the pathway. That scheme is now closed.

We have had 30 applications so far for the digital selling capability grant, and we usually get a burst of applications at the end. The equity investment fund has received four applications; obviously, it has a much smaller target market. Overall, this year, we will introduce around seven schemes, which is the most that Invest NI has done. There has been a tremendous effort from the organisation over the past six months to put those schemes together, to design them and to get ready to run them smoothly with a nice process for the people who want to get into them. You can go online, check your eligibility and then go through the application process only if you are likely to come out at the other end.

Let us look at Northern Ireland's international position. Our proposition remains strong. When I talk to foreign companies and investors, I know that we have demonstrated a lot of our strengths during this period. However, Invest Northern Ireland has had to adapt and to change the way that we operate because of the types of travel restrictions and the changes in the economy. The slide shows two of the areas that we looked at and changed, the first of which is exports. We have moved to virtual business development events, and you can see that we have done 60 of them. We can do things like bringing together virtual round-tables of companies in Dubai to talk about education and bring the Northern Irish expert companies into that space. We can create virtual round-tables for people to interact, and we can do it because we have a team in Dubai that can react, interface and still meet people locally. We can benefit from the face to face, even if the Northern Irish companies are not able to be physically present in the room, and that has shown itself to be really powerful.

We have been looking at virtual business development events, and we have been helping to connect business leads to market expertise, which is about the potential of different markets and how you can understand it. From those wide interactions, we are then able to help specific businesses with research projects. For example, we have helped a business to look at the US market in a particular sector and to find target companies. In some cases, we even do some cold-calling for them to see whether those potential targets are real targets.

The connection with real life in the country, virtual workshops through live round-tables and follow-up action plans in the market show that we can still do strong export work for businesses during this period. Given that companies cannot travel, that it is even more important. We are also representing companies live. We have started to do live trade shows, which have started again in some countries, such as China. Although it is very hard to get to China at the moment, my local team can run the stand, in Mandarin and in English. We can build the stand, be present at the trade show and represent companies through the information that they provide to us. That is a very powerful example of what we can do overseas for businesses.

With regard to investment — I talked about domestic investment earlier — we have clearly been very active, in what is quite a noisy space at the moment, by trying to make sure that Northern Ireland's message around our attractiveness as an investment location is still out there. We have done a lot of digital promotion, with 20,000 outreach events. We have 37 virtual events, which is the same type of thing where we invite investors into a virtual workshop to talk about what we do.

We are curating online meetings with investors. First, we have to find them, which is lead generation, and then we have to do lead conversion, which is where we start to bring potential investors to hear more about what we do. The final stage, which is at the bottom of the slide, is that, normally, once we have converted a lead, we bring people here to show them what we have in real life. Clearly, we cannot do that with rules on two weeks of quarantine and difficulties with travelling. We have found a pretty effective system for doing virtual visits. I was looking at one of the programmes yesterday. We can do a visit where, over two days, an investor can do what he would do in real life. You would meet a counter representative, meet a business, meet a business in a related area, spend time with us and meet our property team. We can do a two-day schedule for someone, but it is all done virtually now. It is really important that we keep the whole pipeline moving during this period, when travel is restricted. The evidence, so far, is that it works and that we still have a strong pipeline for the future.

I move to the next area that we may cover today. There are 84 days to go until 1 January, which is the new world of how we interface with the European Union and other countries around the world. I want to share some of the things that we are doing. On the left-hand side of the slide, we have put together, again, an update to the European exit resilience tool. A lot of businesses are using that as a self-diagnostic about, "I do not understand this. What do I need to do, and who can help me to prepare?". Businesses therefore have a quite robust system that they can go into and go through the following: strategy; operations; innovation; marketing; finance; compliance, which is a key one; people; skills; and data. From there, you can figure out the things that they need to do.

There is still a lack of clarity. We are all aware of that. We know that there will be more information to put into the different systems, but you can do preparation based on the known and then start to prepare for the unknown. We are helping people to do that, as well as running the grant scheme. We have given out £3.5 million of Brexit preparation grants.

On the right-hand side of the slide, you can see that we are also trying to provide better access to information. In the future, we have webinars planned on supply chain and logistics; on customs and taxation, which is a really complicated area, and you can see that that is quite a long session; and on preparing for EU change. In the past, we ran live workshops. We are now running webinar workshops

and giving deep dives. In some ways, the benefit is that previous workshops are available online. We are therefore able to deliver a lot of online training for Brexit preparation. We will then build into that preparation for future free trade agreements. We have certainly been preparing for that.

I wanted to dedicate a slide to one aspect of leaving the European Union that is fundamentally important. As I mentioned earlier, innovation is really important at any time for a business and a region, and it is even more important in a time of volatility. We are concerned about the loss of European funding mechanisms. We have had access to around £200 million worth of R&D investment through the grant for R&D over the last period of the European Union's scheme. That has brought around £850 million into the Northern Irish economy and has generated innovation and R&D. Similarly, through the local economic development schemes, we have been able to support councils in their work, and then access to funding streams provides finance to businesses. We have been engaging with bodies at Westminster to try to make sure that there is a replacement for the European regional development fund (ERDF), particularly for grants for R&D. The First Minister, the deputy First Minister, the Minister for the Economy and the Minister of Finance, whom I saw yesterday, are working with the devolved Administrations towards the same goal. I highlight the fact that it is really important that we continue to fund that so that we improve the competitiveness, innovation and productivity of Northern Ireland.

The good news is that a lot of additional funding is being planned. UK Research and Innovation (UKRI), which is the main research and innovation body in the UK, will have significantly increased funds. There are two things to do. The first is to try to find replacements for some of that European funding, and the second is for us, as a group, to try to make sure that we understand the other funding mechanisms and how we can use them. After this call, we have a session with the universities' vice chancellors to talk about how we, collectively, make sure that we get that funding.

I know that we are going through comprehensive spending reviews (CSRs). We are also trying to optimise our budget for this year. The projects that we do with businesses are multi-year projects. The more that we move towards multi-year budgets, the more visible the funding will be and the more effective we will be at driving economic growth.

I have two more slides to cover, and then we will have a Q&A. I want to talk about city deals and growth deals, because I get asked about them a lot when I travel around the region. I recognise that government funding is going to be tight in the coming years. We know that there are £1.3 billion of commitments to the city and growth deal projects. In Invest Northern Ireland, we really want to be front and centre in making those projects deliver commercial outcomes. We have a key role to play in that regard. We have been very active in the six months of lockdown and eased restrictions, working with Derry and Strabane on Ulster University's cognitive analytics research lab (CARL) and centre for industrial digitalisation, robotics and automation (CIDRA) projects. We have also been looking at what the medical school can bring and at how that connects to the other medical-related projects in the region.

We have been working with the mid-south-west region, looking at what the manufacturing components of the economic strategy can be. I was able to join the launch of that project a couple of weeks ago. For Causeway, we are feeding into the digital part of its review as it prepares it. For Belfast, our team has been deeply involved in the appraisal documents that look at technology, and businesses and at how the projects can go forward. I want to share with the Committee that we are really keen on those projects and want to do what we can to help drive them forward. We are moving from an arm's-length appraisal to commercial leadership and connecting businesses to the projects.

To wrap up, Q1 was difficult. In Q2, we saw some good green shoots of recovery. We have our eight elements for the future that we believe will help. Those are the actions that we can take, with others, to help drive the economic recovery. In particular, I recognise that we have to work in partnership to do it, because the challenge facing us is bigger than any one of us individually. I really believe that, collectively, we can be very powerful and set about putting the Northern Ireland that comes out of COVID and starts January 2021 in that new economic environment on a powerful platform for the future. I am very happy to be leading Invest Northern Ireland and to do that.

The Chairperson (Dr Archibald): Thank you very much for that, Kevin. It was a very comprehensive briefing. There is a great deal of activity going on in Invest that is looking at economic recovery and supporting businesses through this period and as we look forward to Brexit. Invest's role will be at the core of the economic recovery. Our role as a Committee is to scrutinise and support the work of the Department and its arm's-length bodies. A concern that I have about Invest is that, at times, it seems a bit nebulous and a bit more than at arm's length. We do not have a great deal of information about

what is shaping all the programmes that you are putting forward. They are very comprehensive programmes, and there is not an awful lot that I would disagree with in the eight drivers underpinning your recovery actions, but is there more detail that you can share with us as a Committee on the business surveys, the research and the information that is used to develop those programmes? How is your work aligning with that of the Department on policy objectives for economic recovery? Are you feeding into the Department's recovery strategy planning? Have you fed into the documents that have already been produced?

Mr Holland: Thank you, Chair. Let me answer a couple of different elements of that. First, I am very happy for the Committee to have open access to the information that we have and the business surveys that we do. Weekly or twice weekly, for example, we look at the number of companies in our intensive pool — those that we know really well — and determine how many people have been on furlough, what the outlook is for them moving off furlough and into jobs again, and how that breaks down by sector and by region. We certainly share that with the Department, and it goes up to the Executive Office. If we need to create a mechanism for that to go to the Economy Committee as well, we are happy to do that. It is public information. We have expanded our sharing of that information, so we do share it with business organisations, the Chambers of Commerce and the bodies that support different sectors of the business community. We certainly give the information to councils. Sometimes we present it to them; sometimes we send it to them. We are very open to sharing that information. If there is something that we are not including you on, we should fix that, because that is an easy one to fix.

I was thinking this morning about how we produce a twice-weekly newsletter. We can check with Committee members to make sure that you are on our list so that you get that kind of outreach. The newsletter is a good barometer for things that are happening in the economy, such as announcements, jobs and technology. For you as elected Members, it tells you when a scheme, — for example, the new innovation vouchers scheme — is open and when businesses have to apply. Propel pre-accelerator, which is one of the start-up business schemes, is open this morning, and it would be good if businesses in your area know that. We will do a quick check to make sure that you are seeing some of things. I cannot put you on our list, because of the General Data Protection Regulation (GDPR). I think that you have to ask us to, but we will tell you how to do that.

Your other question was about whether we feed into the Department for the Economy. We give the information that we have to the Department when we collect it or when we summarise or analyse what is happening in the business world. We do that through various briefing documents or live presentations. On the eight drivers of the economy, we provided work to the Department and then to you for this briefing. Equally, I think that there was some outreach on the Programme for Government preparation. I would love to see some of those things in a future Programme for Government, particularly innovation. Personally, I think that it needs to be a separate theme in there, given that it is so fundamentally important. We therefore give input by providing suggestions to the Department.

For the schemes themselves, we have been quite creative and open-minded through the past six months. We made our first proposals to the Department on 20 March. We made some quite substantive suggestions for what could help drive the economy. Through the round-one bids, the round-two bids, June monitoring and October monitoring, we have since provided options for the Department to consider for things that can help the economy. Sometimes we win and get funding; sometimes we do not win and do not get funding. In the end, we recognise that policy decisions are taken by the Department and then by the Executive. We make a lot of proposals, and I am happy to talk some more about the overall shape of those more frequently with the Committee, if that would be helpful. Certainly, we sometimes count on support from the different elements of the Committee to help get funding for the projects that will make a difference.

The Chairperson (Dr Archibald): The point that you ended on is key. As a Committee, we are very keen to listen to what various sectors across the economy are telling us, because they are the ones most equipped to shape some of what is required. Having that information would equip us better to be able to communicate with the Department and support that work. If you can therefore share information with us that will enable us to do that, it would be very much welcome. It would be very useful if the briefings that you talked about could be shared with the Committee, because we want to play a very active role. The previous time that you were with us, at the beginning of July, you said that you had been awarded in the region of £32 million and had made, I think, 22 bids across a number of categories. At that point, you said that seven or eight projects would go live by the end of the summer or at the beginning of September. I recognise that three or four of them have gone live. Can you share any more information with us about the other bids that have been made or for which funding has been awarded?

Mr Holland: Three of the seven have been launched: two a month ago and one today. One of the other areas that we are looking at is how to help businesses with operational improvements. Many companies are changing what they do or are trying to do it better, and we will be introducing a scheme to assist with that. Between now and the end of the year, the other four will go live. The schemes will look to help businesses change and improve their operations, do some things around productive grants for new projects and support businesses to make the right kinds of investments. We will look at helping one or two specific sectors, through a much deeper dive, to see how we can fix the challenge that a sector is facing. Those are the kinds of things that we will be introducing over the next year. We will announce when the schemes are finalised, robust and ready for launch, but that is the shape of those that we will bring forward.

The Chairperson (Dr Archibald): That brings me to the same point: the shaping of those schemes is really important to economic recovery. When the Department was in with us, we asked about its bids and how those aligned with the economic recovery strategy that the Department had published. It would be useful to see something similar from your on how the bids that you are making link in directly with the recovery strategy, because it is really important that those things join up.

I have one final question before I hand over to other members, and it is about Brexit preparedness. We have a document in our pack this week from the Business Brexit Working Group. One of the things that it is flagging up is the lack of support for preparation. You highlighted at the end of your presentation the work that Invest is doing in that space, but are further programmes intended before the end of the year and after the end of the year, once we know the situation in which we are likely to be, that will equip businesses both to prepare for the new arrangements and to recover from COVID?

Mr Donal Durkan (Invest NI): As Kevin rightly said, on nibusinessinfo.co.uk and investni.com, there is a lot of information on Brexit. We have broken down the information into specific areas for businesses, with answers to lots of frequently asked questions. As you said, we engage with businesses and do lots of surveys, webinars and online assessments, and all of that information feeds back in and tells us what businesses are looking for us to provide. On those websites, you will see features such as the 10 key things that businesses can do now even though there is still some uncertainty.

As Kevin said, we have run five online webinars and have another four planned, which will be run during October. We will continue to revise the webinars and the information that we provide, as the information comes through from the Joint Committee. As Kevin also said, we have updated the EU exit resilience tool so that it reflects the current position with Brexit and takes into consideration COVID-19 issues. That is online. It takes companies 15 minutes to complete 28 questions, and they get a report digitally as soon as they are finished. We get access to the overall information, and that helps us determine what support, advice and guidance we should be putting in place. That is an ongoing, rolling process.

The Chairperson (Dr Archibald): Is any business able to access that or just Invest's clients?

Mr Durkan: It is open to all businesses across Northern Ireland. You do not have to be in receipt of Invest NI support. It is open to everyone. We have had businesses using the tool that have not previously received financial support from Invest NI. Those businesses are also free to join the webinars. There is no charge, and there is open access. We will have specialist speakers at the events that Kevin referred to that we are running in October. There will also be an opportunity for one-to-one online appointments, which will be open to all. There will also be an online virtual exhibition area. Business organisations and other related bodies will therefore be able to showcase the advice and guidance that they can give to businesses. That is all freely available to all businesses across Northern Ireland.

The Chairperson (Dr Archibald): Thanks for that, Donal.

Mr Dickson: Thank you for your presentation, which was very helpful in these very difficult times. I do not underestimate the challenges that you and the businesses that you work with face.

May I take you back to your delivery of the £40 million Northern Ireland microbusiness hardship fund? You spent only £23 million of that £40 million, supporting just over 4,000 businesses. This question will be asked repeatedly until we get a decent and reasonable answer and practical support: why did so many businesses fall through the cracks with that fund? Why have so many small businesses and microbusinesses been excluded, either by that fund or other funds that the Department has

administered? That is my first question. I have a couple of others, but perhaps you can address that first.

Mr Holland: Let me comment on that. We launched the microbusiness hardship fund. The inclusion and exclusion criteria for that were defined by the policy. We were the delivery arm for it. I know that the Executive did some pretty extensive work, given the funding that they got, on how far and how deep it could go and on the types of companies that were included in it. I know that they looked at the Welsh and Scottish schemes and others from different regions in the design of that programme. When the conclusion came out, the percentage of businesses included in Northern Ireland is quite similar when compared with Wales or other regions. It is true that not every business in Northern Ireland has got access to funding. That is because of the capacity of available funding relative to the number of businesses here.

Mr Dickson: The profile of small businesses and microbusinesses in Northern Ireland is very different from that of those in Scotland and Wales, so you are not comparing apples to apples. You are comparing apples to oranges. Is there any chance of revisiting a similar scheme? What, if anything, is Invest NI going to do? I appreciate that your large-scale global activities are important, but what are particularly important are the businesses that simply will not exist in a few months' time in Northern Ireland. People have invested their savings, their ingenuity and their activity in those businesses over the past number of years in order to get them set up.

Mr Holland: I understand the request. I believe that there was some discussion in the Assembly a few weeks ago on the same question. I know that policymakers will have to review in detail what happens next for different businesses. Where we can help is with the schemes that we have for businesses that help them with innovation, to find new markets or something like that. If it is a grant funding scheme, we helped with the microbusiness hardship scheme and delivered it robustly, but we do not control the funding for potential future schemes or policy decisions either from the Executive or further down.

Mr Dickson: I will change the subject slightly. Today, there was a UK-wide report issued that states that early analysis has demonstrated that the ability of businesses to repay the UK Government loans to assist them with the difficulties around the pandemic will have a very higher failure rate. What will the extent of that be in Northern Ireland? What do you expect the failure rate to be in Northern Ireland? What action, if any, will you or the Department take to support those businesses that the banks will undoubtedly be pursuing in the not-too-distant future?

Mr Holland: We do not run the loan schemes, such as the bounce back loan scheme (BBLs), the coronavirus business interruption loan scheme (CBILs) or the coronavirus large business interruption loan scheme (CLBILs). I have seen the same reports on long-term viability. I know that some of the extensions given on those loans will help businesses that would have faced perhaps a February 2021 cash crunch to move things along a little bit further. The main things that we can do are to try to help businesses to grow and generate local economic growth. A lot of that is about getting businesses that are operating in Northern Ireland to expand and grow, where there is an opportunity for them to do that. That helps stimulate the local economy and allows the network of suppliers around those businesses to be able to do that.

The muscle and firepower for the big loan schemes that Rishi Sunak introduced — £50 billion or £60 billion of schemes — is generated at a UK level rather than at a Northern Ireland level. What we can do is work with businesses between now and the end of the loan repayment schedule to help them find markets, operate more efficiently and use their resources in the best way. We can work on a business level in the meantime, but we are not a lender of last resort for a large number of businesses in Northern Ireland. We do not have the firepower for that.

Mr Dickson: Finally, you referred to what you see as business confidence in Northern Ireland, yet a few weeks ago in Committee two eminent economists perhaps painted a substantially more gloomy picture. On what basis do you build your business confidence outlook for Northern Ireland?

Mr Holland: I talk to and visit a lot of businesses. As with the examples that we have looked at here, I see areas of opportunity and some businesses being really successful. My outlook is based on real-life experience. Every month, we commission *[Inaudible]* and surveys that talk to businesses. It is not statistical really, because it is not quantitative and validated, but it asks a broad group of businesses whether they are more or less confident than before. The "V" shapes on the graphs that I showed you in the early slides represent the feedback that we get. That is the barometer that we use from businesses. The outlook is therefore more optimistic.

In general, I think that economists tend to look at risk and have a more gloomy view of the world than business people do, who are looking for opportunity and success. There may be a cultural bias there as well.

Mr Durkan: Let me just pick up on that point. I know that Richard Ramsey was at the Committee a couple of weeks ago. He runs the purchasing managers' index (PMI) across Northern Ireland. What Kevin is referring to is what we do with a cohort of businesses that have been supported by Invest NI. That is a smaller number, but it still equates to around 250 businesses that we do that purchasing managers' index with each month. In response to the previous question from the Chair, that information is also shared with colleagues in the Department for the Economy. It is an indicator of confidence moving forward, as Kevin said, rather than simply being a look back. It is a look forward.

Mr Dickson: You will appreciate, however, that it is sometimes difficult for people to understand your glass-half-full, as opposed to others' glass-half-empty, concept.

Mr Durkan: Yes. I understand.

Mr Holland: We have to make ourselves right.

The Chairperson (Dr Archibald): Thank you. Can we bring John Stewart into the spotlight, please?

Mr Stewart: Can you hear me OK?

The Chairperson (Dr Archibald): We can indeed.

Mr Stewart: Kevin and Donal, thank you very much for your presentation, for the work that you continue to do and for the advice and assistance that you give through nibusinessinfo.co.uk, for example. I know that it has been invaluable to many businesses, above and beyond the financial assistance and whatnot that they are getting.

Like all of us, you will be very aware of the stark figures that have been predicted for job losses in Northern Ireland, which are potentially over 100,000 this year. Although, hopefully, many of those jobs will come back in the round as the economy starts to rebuild, many are predicted to be lost forever. You have given some good-news stories. It is positive to hear those success stories coming not only out of foreign direct investment (FDI) but out of indigenous businesses that are adapting to the current climate. Can you give any sort of prediction, based on what you are seeing as regards investment and growth, as to what level of job rebuilding and the creation of new jobs we might see in the short, medium and long term? At the minute, looking forward, it feels as though those 100,000 jobs will be difficult to replace in the current climate, and definitely in the short and medium term. I am just interested to know how quickly that could be done and in which sectors it could be done. Thanks.

Mr Holland: Thank you for that. I have also seen the projections of 100,000 job losses. It is a terrifying number. That is the honest answer. If you look at the most recent four-year plan that we worked on, which ends at the end of March and which we reported on, I think, when we were previously at the Committee, you will see that our goal was to grow between 20,000 and 30,000 jobs over a four-year period. I know how much work and funding and how many activities and schemes go into that. If there were to be an incremental 100,000 job losses, it would be a substantive task to be able to replace them.

We then need to look at some of the sectors and at what, sector by sector, we can do differently. That is still work to be done. Clearly, some sectors will face real challenges, with aerospace being one. It is a very important sector for Northern Ireland. People do not fly any more. None of us has been on more than one plane in the past six months, whereas, normally, people in this room would probably have taken 30 or 40 flights by now. How do we help solve that? I think that some of the jobs will be saved by doing some interesting R&D projects, looking to the future of zero-carbon flights, and things like that. That will protect the skills, technology and some of the roles. How can we then help those businesses do something different? If you look at the aerospace companies, for example, you will see that they are good at high-quality and zero-defect manufacturing. They understand composites, lightweight materials, sensors and feedback loops. Are there opportunities for those companies in adjacent sectors that are really growing, such as precision engineering, medical devices or diagnostics? There is joint work to do with the Department for Business, Energy and Industrial Strategy (BEIS) in the UK, who are experts in understanding industry sectors, and ourselves, who

understand what happens here, to see whether we can help some of those businesses to pivot from their past to a future that can recreate employment quickly.

I do not underestimate the scale of the challenge. Many of the jobs that we have introduced this year, and which we are happy about, target certain groups with certain skill sets. We can help to build those skill sets through conversion courses, access to technology development, and skills for individuals, and putting together with colleges and universities conversion courses for skills. That will be a key element to getting people back to work quickly.

Mr Durkan: We do a furlough analysis bulletin twice a week. That engages 2,500 businesses on where they are with people on furlough. At the height of lockdown, some 43,000 employees were on furlough; 27,000 of those in businesses that we have been engaging with are now back, or potentially back, in active employment.

The sectors most adversely affected were advanced manufacturing and engineering, and construction. Between 65% to 70% of their workforces are back. We do all the detailed analysis for companies. We spent 1,800 hours doing surveys with businesses in May and June. Much of what we are doing now with the schemes is putting specific areas of support in place to help businesses to get back into the markets quickly. Some are looking at new markets, and some are repurposing what they do. Many companies have repurposed from traditional industries into, for example, PPE, given the current crisis. A lot of what we are doing in innovation and support is helping businesses to make such moves. We are constantly reviewing sectors and businesses that have been adversely affected and are trying to put bespoke programmes and support in place to help those businesses and sectors to grow and to come back to where they were pre-COVID-19.

Mr Stewart: We all hope that those figures are nowhere near the levels predicted. Given that economists are talking about a three- to four-year potential recovery, even the pre-COVID-19 job creation of 25,000 over four years that you mentioned could take many more years for many of those jobs to be replaced. That is deeply concerning.

Northern Ireland is an SME economy, with over 90% of our businesses being micro-, small or medium-sized. Is enough money being directed at all levels to support start-ups, especially those losing their jobs in certain sectors — the Nortel effect, for example? When Nortel was shut, a lot of tech companies opened on the back of that and availed themselves of start-up business programmes. Is there enough support and funding to give new entrepreneurs the support that they need at this time?

Mr Holland: I have seen some of the programmes that really work, like the scaling programmes that we work on. The Go For It programme helps with the first bit, and some of the scaling works later in the business cycle.

The more we can do for good business ideas, the better. If we can find incremental funding, I am sure that we can find businesses with incremental good ideas. I would support further investment in that space, as it would make a difference. We can create jobs and innovation in just doing things differently.

I would support that and then make sure that we invest in the ecosystem so that universities can do spin-outs and tech transfer and move things from technology to market more quickly. Further investment would be useful. I am concerned that if European funding moves away from our ability to support local economic development, there is a risk of there being less funding rather than more.

Mr Stewart: I am glad that you touched on the city and growth deals. They will, undoubtedly, be a massive economic driver across Northern Ireland and help to play to regional balance, for example, given the spread of the money around the country.

Some of us were fearful that there might be delays with COVID-19, but I am encouraged by what you say about your input that will not be the case. Can you give an idea of a time frame for when we will see economic recovery starting to take place and schemes rolling out on the back of that financial assistance?

Mr Holland: From the city and growth deals?

Mr Stewart: Yes.

Mr Holland: They are all working through. The appraisal process is deep and intensive: the deals move from outline, to strategic, to full business case, to go live. There is a timetable, and you have to

get to the end of it before you are allowed to put funding in. What is useful is that, at the same time, some of the projects are moving anyway, so some of the things on clinical trials that are being done and some of the developments in life sciences-related projects happen already, and you can start getting commercial impact from some of the academic work that is done from it. Donal probably has a better idea. When will the first £50 million go into a city and growth deal project? Probably not before the end of next year: is that right, Donal?

Mr Durkan: It is right, John, because they are capital projects. To give you an overview of the engagement, as we speak there is a workshop ongoing on the advanced manufacturing and innovation centre outline business case. There is a team of people from Queen's, DFE, Invest NI and Innovate UK along with actual project proposers. That is ongoing. We had one on Monday morning on iREACH and last Thursday on GII. Our team, through Alan McKeown, our regional business director, is engaging with colleagues in Derry City and Strabane District Council on the Derry and Strabane city deal. I have a meeting with Stephen Gillespie and his colleagues next Monday on how Invest NI can help and support. Through Alan McKeown, Ethna McNamee is working with mid-south-west on developing its project.

Kevin is right: because of the capital nature of the projects, it takes time for the money to move. However, there are lots of innovative and developmental projects that can happen in the interim; they do not stand still. Our team, which includes our innovation executives, our client executives and our foreign direct investment managers, is working collectively with those projects to see how we can maximise the commercial outturn and the economic development proposals coming from them.

The other critical element is how we can make sure that we align all the various specialisms and skills across the various deals. Advanced manufacturing and data analytics are evident in a number of the deals, and we want to make sure that we have a collective strong case going for those cities. They are fundamental to economic recovery and future growth.

Mr Stewart: Thank you for that. Given the capital schemes, one thing that I would love to see by then is a Northern Ireland-first procurement process so that it is Northern Ireland and indigenous businesses that benefit from that support to keep the money in-house. That is a discussion for another time. Thank you for your time, guys.

Ms McLaughlin: Good morning. Thank you very much, Kevin and Donal, for your presentation and briefing. Like the Chair, I do not think that you can see any problems with any of the eight drivers and eight actions. It is really a matter of making sure that they work and are coordinated well.

I want to speak on three of them. First, skills. I appreciate, Kevin, that you are not the main player on skills; nevertheless, you are key. It is important that skills deficits are recognised and addressed if we are to grow our economy. Which skills deficits do you recognise as the main priorities?

Mr Holland: If I look at the businesses for which we have been announcing new jobs and investment over the past six to 12 months, I see that a lot of it has been in software, cyber, artificial intelligence, data management and data analytics, so those kinds of skills are really important. When we talk to companies, we find that there is always a balance. Companies will support other companies when they are here, but they do not want to see too many companies coming into a single sector, as that creates too much demand for a single skill set, which, in turn, leads to a lack of resource in that skill set. So, there is always a balance with them.

As long as we plan ahead with the skills academies and the universities, we will be able to provide the pipeline of skills in that sector to continue to attract companies. That it is a really useful area, because you can do it with new graduates or with people who are not graduates but fresh out of school. You can also do it through retraining and conversion courses for people who have worked in a company for 10 years with some skills but who can pivot towards these kinds of jobs. That is probably the key one for me. We discussed manufacturing skills, welding, for example, but digital skills are probably the most important thing for us right now.

Ms McLaughlin: Do you believe that your work with the agencies involved and with higher education and further education is adequate? Are the relationships good? Are you feeding into those bodies? How do you feed into them?

Mr Holland: We have conversations with them. After this call, I will be with two of the universities for an hour to talk about what we do next and how we plan innovation funding. We will actually have a

section on skills with the universities. Next Friday morning, I will be with Paul Bartholomew, from your part of the world, to talk about what Ulster University is doing. Next week, I will have a one-on-one with the head of Belfast Met. So, at all levels of our organisation, we work with the universities and colleges that are planning this. I think that that bit works.

The Department is working on the skills strategy, how it works with the industrial strategy and what is needed next, and we are part of that debate. One of my team, Niall Casey, is in the middle of most of those organisations and is an expert in that field. We are connected, but it is a volatile time. I want to make sure that we understand what is needed and how we are delivering it. We need to be clear about that.

Mr Durkan: Sinead, on the point that John made about city deals, we sit on the skill panels for the various city deals and provide support there.

I will provide a breakdown of some of the figures that Kevin gave earlier. Of the 1,000 letters of offer that have been issued, 91 are skills offers. Total support of £2.5 million has been offered to businesses over the past six months, and that will generate total skills investment of about £8.5 million. So, as Kevin said, it is still very much business as usual. Innovation, R&D and skills are still critical areas. We learned such a lot from the financial crisis in 2008 about the importance of making sure that you retain skills and upskill people. Those lessons are being learned now. A lot of the engagements are to help businesses. Some of the skills projects are helping companies that have repurposed from core industries into new industries. The skills support is helping to convert those individuals and their skill sets.

Ms McLaughlin: Yes. Skills are fundamental; they feed into innovation. Kevin, I am very much aware that you are concerned about funding for innovation after we leave the European Union in January. What detail have you got into with the UK Government in relation to their replacing the European regional development fund (ERDF)? Have you got any commitment on what the new innovation fund will look like?

Mr Holland: We have made representations to the UK Government, personally at Secretary of State level and through the Department for the Economy. I do think that, in this area, there has been a collective Northern Ireland approach of, "Talk to anyone you can to make this happen". Everyone, from every party and every Ministry, recognised that it is really important. So, we have certainly highlighted it a number of times.

I have talked to the chief executive officer and the chair of UK Research and Innovation in the past two weeks. UKRI will be a really important body for Northern Ireland, and for the UK. As the UK moves from the 1.4% or 1.7% spend of GDP on R&D to its target of 2.4%, a lot of that funding will go into UKRI, and much of it will be based on the levelling-up agenda and on new and green technologies. It is the master of some of the future funding and then, through the Treasury and Whitehall, it will be the master of the shared prosperity fund, if that is how it is done.

My main representation has been that it will take time to design the new scheme to perfection for the next 10 years. We should take the time, but you need to have a one-year bridging fund or something that keeps innovation moving in this critical period for Northern Ireland in the meantime.

Those are the representations that we, and others, have been making. They were echoed by the Finance Minister yesterday with the other devolved Administrations.

Ms McLaughlin: It is fundamental that we get clarity on it. Innovation and skills drive productivity and our ability to grow our economy, which is vital.

The third and final thing that I want to talk to you about is one of your drivers: levelling up. To me, levelling up means regional balance and addressing the needs of those areas with the highest unemployment, economic inactivity, poverty, etc. What steps has your organisation taken, which you can measure and assess, to ensure you are levelling up Northern Ireland?

Mr Holland: The first thing is that we are completely behind the agenda to level up, both regionally in Northern Ireland and, as you say, socially and economically. Levelling up has many different dimensions. This is how we measure it. We have been very active in the last months working with councils in each of the regions, talking to their economic development committees, meeting council leaders, and working at a local level, as our team does. We have shared data. Every six or three

months, we give councils the full indicators of what is happening in their region, the jobs, investment projects that we are doing, which offers we are making, which sectors are growing and shrinking. We frequently share everything that we have with the regions and councils, unless the data comes in a group so small that we cannot share it because you can identify it and tell that it is about a certain business.

Mr Durkan: Sinead, if I can just add to that, I have given figures before. Kevin referenced the 1,000 projects to which we have issued letters of offer since March. Ninety-four per cent of those offers have gone to locally owned businesses. I want to give you some of the stats on levelling up across Northern Ireland: 73% of those offers are outside Belfast, as is 57% of the planned investment and 59% of the jobs. We have had these discussions before, and we are more than happy to provide that information. I should have said that earlier, when the Chair asked about access to information. We put all our information on open data access, so anybody can access it. We will give the link to the Clerk so that he can share it with members.

We also do regional economic briefing reports for each of the 11 council areas, and we are more than happy to share those links as well. That is a lot of activity that we do in council areas, but it encompasses other activity from other agencies. We cannot collectively put it into one report, but we will share that information as well.

Ms McLaughlin: Thank you very much, Donal. That would be very helpful. Kevin is aware of my heightened concern about what "levelling up" means in subregional development. One thing that Kevin and I discussed last month when we got together was skills, which are so important for investors and employers; they are the key drivers for any business. We have 40,000 higher education places in Belfast and 4,000 in Derry. That is not levelling up. We will never level up until we change that statistic. As I say, I have been over that in detail with Kevin and the Invest NI team many times.

Mr Durkan: Just to add to that, Sinead, when it is completed we will be more than happy to share. Along with colleagues in DFE, we commissioned the University of Ulster Economic Policy Centre to benchmark Northern Ireland's competitiveness with that of other small advanced economies. Education and skills come out as fundamental, key areas that Northern Ireland should be getting behind to improve competitiveness. It is absolutely in line with the points that you make. We use such reports to develop advice, support and solutions. We will share that information with the Committee.

Ms McLaughlin: Going back to what Kevin said earlier about feeding in, it is very important that Invest NI feed that type of information in and that it becomes the cornerstone of any Programme for Government.

Mr Durkan: Absolutely.

Mr Middleton: Thanks, Kevin and Donal, for this morning's presentation, which was very useful. I want to talk about two points. You will be aware of this morning's announcement that 100 jobs at two pubs in Belfast — the Duke of York and the Harp Bar — could be lost, which is very concerning, and that is prior to any potential further restrictions coming into play. My constituency has already seen additional restrictions, and there is concern about further job losses. The potential schemes that we have heard about from the Finance Minister over the past 24 hours will be significantly less than what will be required to secure jobs and to keep people in employment.

I want to hear from you about the impact of mini-lockdowns or their potential roll-out across NI. We have heard about the possible loss of 100,000 jobs. What is your assessment of the lasting, and short-term, impact?

Mr Holland: The short answer, Gary, is that I do not have an impact assessment on the impact on the hospitality sector. The sector is challenged, since the less free people are to circulate, socialise and go to restaurants and hotels, the more challenging it will be for that sector. I think that 27,000 people work in hospitality in Northern Ireland; I know that it is a very large number. The first risk assessments said that 90% of the jobs in hospitality and tourism were at risk. That was the figure in the presentation for Q1 from April to June, when there was a very strict lockdown, so I can well believe that, if there is a very strict lockdown again, that proportion of roles is equally at risk, and I recognise that.

I think that we have moved on a bit. A lot of the businesses and companies that I go to have adapted their offices for safe working. In April and May, we were all talking about whether we could go to work in a factory or an office safely. Now, it is quite common for people to say, "I was in the office

yesterday, and I will be there again tomorrow". You can operate safely in many areas. I hope that some good things can be done in the hospitality sector to make sure that we can improve safety, whether you are in a hotel, a university canteen or places like that, to minimise contact between people and potential infection. I imagine that the scale of it means that there could be the same risk.

Mr Middleton: OK. I want to ask you about your conversations with investors. Many companies — I can only speak about the local situation and the companies that invest here — require, or have required, office accommodation, with a lot of staff sitting close together. COVID-19 will be with us for some time, so what incentive do they have to invest here if a lot of the work can be done remotely? Would that mean that they do not need to invest here at all?

Mr Holland: There has certainly been a changing dynamic. In February, many of the offices with 300 or 400 people that provide software support and tech service support would have said that you need to have people in the same building to train them and to keep data safe, but most of them do not say that now. They know that they can run an office with people working remotely. It is a different dynamic. However, it is recognised that there are groups that need an office environment. We have done surveys, and we have seen surveys from other companies. A couple of weeks ago, for example, I visited ScreenCloud, a start-up in Belfast. When you are hiring big groups of people, you miss something in the company if you never meet the people whom you will work with. People who are early in their career and are new to a role still want to have a physical location. Offices will still be important but, in future, you will not need an office for 400 people. You may need to have an office for 100 people, which is 25% or 30% of your workforce, and rotate people in and out of it. Investors will be looking for different things.

I still have investors from the US who are looking for big offices in Northern Ireland. In February, in some cities, we had shortages in the availability of grade A office accommodation. Now the picture is more balanced, and perhaps we can provide some attractive offerings to future investors as some existing businesses move some of their workforce outside and free up space for investors to move in more quickly than they would otherwise have been able to do.

Mr Durkan: Just to add to that, Gary, I said previously that we do a lot of engagement with businesses. Steve Harper, our international director colleague, has been in lots of virtual meetings with a lot of existing investors. We are finding that the key selling point for Northern Ireland with international investors, which is the talent base, is still the thing that they are seeking. People can work remotely but they need to have the talent, and our pipeline is showing that they are still looking for the talent.

The other critical element that is encouraging for us is that a lot of international investors have said that, through COVID, they were looking at how resilient their operations had been across the globe and that we, very positively, have come out very highly. Lots of those international investors have said that resilience in Northern Ireland was not adversely affected, so it has given them confidence not only that Northern Ireland has resilience and connectivity but that we have always had, and still have, the talent base that they are looking to secure. Those engagements have been encouraging for us.

Mr Middleton: That is welcome news; thanks for that. Just a final question. Obviously we are all interested in the city deals across Northern Ireland, but the other matter that I have been meeting the local port around is the issue of free ports. Belfast is at a more advanced stage, which is a very good thing. Does Invest NI have a role there? Are you involved in those conversations? Is that a good thing for Northern Ireland?

Mr Holland: From my side, Gary, it is a complex subject. I have heard many different opinions on the value of free ports. Can the whole of Northern Ireland be a free port? Can you get the different corporate tax rates for the whole region that I know have been discussed previously in Parliament? Is that out of date now? I have heard different views on that. I have heard that some individual ports are pushing a more local agenda — should we have a different free port system in one place or another? I am a bit less keen on that, because it is hard to level up if there are displacement risks for businesses that move from one town to another town because there is preferential taxation or things like that.

There are some bad configurations in free ports, but there can be some interesting ideas as well. From my side, I have run free port operations in Tunisia, where we were able to bring product in, convert it and take it out. That was good for the local economy, and we were able to get round some of the challenges. Our role at the moment has been more about getting the different interested groups into a room to talk about it. We did some of the initial convening of some of those meetings. More

recently, the Department of Finance has taken over that leadership role and it does not sit with us, but we are happy to listen, participate and support. It is quite complex.

Mr Durkan: Just to add to that, we have facilitated a number of stakeholder meetings, and that has included representatives from the four ports and the three airports, plus representatives from their respective district council areas. As you know, the final date for the consultation was 12 July. As Kevin said, it is being dealt with by the Department of Finance, because it is a Treasury matter. We are expecting the Chancellor, maybe around the time of the autumn statement, to come out and outline what the future plans are. The encouraging thing is that all of the key stakeholders in Northern Ireland are engaging with one another. Foyle port is working closely with Belfast, Larne and Warrenpoint in terms of how they can look at putting forward some consolidated perspective for Northern Ireland, as opposed to each port or airport looking to do its own thing. Collective single discussion is going on at the moment, which is positive.

Mr Middleton: Thank you very much. That was useful.

The Chairperson (Dr Archibald): Is any analysis being done of the benefits or downsides of the potential for displacement around free ports?

Mr Durkan: Yes. Colleagues in the Department for the Economy are undertaking work at the moment that looks at the policy implications around free ports, product journeys and what that would look like. There are a number of work streams that both DFE and DOF are involved in at the moment. That work is ongoing.

Mr Dunne: Thanks, Kevin and Donal, for your presentation. I will start with a bit of positive feedback. I had a recent visit from our Economy Minister, Diane Dodds, to Bangor. We visited two companies that have been working with Invest NI: Denroy and Priory Press Packaging. Denroy has been able to diversify, with support from Invest NI, into the manufacture of visors. It has also designed a reusable mask and is continuing to work with the health service on the possibility of being in a good position to bid for a multi-million pound contract to supply PPE. Priory Press Packaging is a North Down-based company that works in packaging for the food industry. It is about to invest £1 million in new plant. We pass on our thanks to those from Invest NI who have been working with them. We got a lot of good feedback from them; they really appreciate the work of Invest NI and all the help that they have received over the years. That is good to hear.

When you are out and about, you realise that those businesses have worked through COVID and had to work with it. They may have had some people on furlough, but the factories continued to run. We appreciate the efforts that have been made by people like that. They were not sitting at home working; they were down on the shop floor working. We all need to realise that that continues.

I keep going back to the thing that has already been mentioned by some members: existing businesses and the impact of the loss of the furlough scheme, which will be, in some way, supplemented by the further support. I worry about places such as Bombardier, which has 3,000-odd people working. Quite a lot of them are from my constituency, but not all; of course, people travel quite a bit to it from right across Northern Ireland for their work. Some morning, we will wake up and hear of a significant job loss in a large sector like that. You start to wonder what Invest NI has done to put off that terrible day. I appreciate that work is being done, but will you give us some assurance that you are continuing to work with businesses such as Bombardier to find people alternative work and maybe reskill them and so on, and that you are trying to help them as best you can to stop job losses?

Mr Holland: Thank you for the feedback on Denroy and Priory Press Packaging. I will make sure that some of the feedback goes to the client executives, who work hard every day but sometimes go a bit unnoticed.

We really recognise the challenges for Bombardier and the aerospace sector. I can assure you that we are intimately involved with the companies in that sector, from the large ones, such as Bombardier, to many of the suppliers around them, including Denroy, actually, which was a major supplier to aerospace in the past and has now switched to some of these other products along with the airline products that it makes. Clearly, Bombardier is a big employer. It did put people on furlough, and it has had a round of redundancies. It had been requesting an extension to the furlough scheme and was quite vocal about it. It was expressing a request for that in Westminster and Stormont. It was pleased to see the new schemes that were announced by the Chancellor two weeks ago. There is some

replacement for what would have been a short-term problem for them with the expiry of the coronavirus job retention scheme.

The things that we are actively doing with Bombardier are to help it ensure that the transaction still goes ahead. You will know Bombardier is going through an acquisition process with Spirit. We are actively engaged where we can to try to help answer questions or deal with issues that could confound that transaction. For that bit, we are very active at a corporate level. At an R&D level, we have been helping Bombardier and the aerospace sector look at the Aerospace Technology Institute and the different ways of funding things like the zero flight projects in the future. We have got some — I cannot say much — active R&D project proposals that we are looking at for Bombardier and some bids around helping secure skills and technology in what it does. The other thing I would say is that we support work with the composites centre, which will also be part of the future city growth deals. We are helping to make sure that there are active projects, R&D and innovation that can help provide gainful activity for Bombardier in this what is likely to be two- or three-year interim period of difficulty for the aerospace sector. We are really active with Bombardier.

Mr Dunne: Good, that is reassuring. My second main point is about Invest NI supporting grade-A office accommodation outside of Belfast and Londonderry, in places like Bangor where we are trying to regenerate the town centre. What are your thoughts about supporting the construction of grade-A office accommodation within Bangor's town centre? You have got the train service. There is no reason why people could not go to work there on a daily basis. Albeit COVID has changed things as it stands at the moment, we need to get more of a focus on towns and even the greater Belfast area that need regenerated. Can Invest NI be part of that by supporting, for example, the construction of grade-A office accommodation to bring workers in from the private and public sector? I was at the Titanic Quarter recently dealing with Capita, the company that deals with personal independence payment appeals. They are sitting in lovely offices in the Titanic Quarter; it is an ideal situation. There is no reason why you could not have that in places like Bangor and other large towns around the province.

Mr Holland: Bangor to Belfast is but a train ride away; they are very close. We have a property team who look at investment projects, and we have some real expertise in there. We do not buy land any more. We have not done so for five or 10 years. We often get asked about that, but we do not invest in land. We have supported some office projects. I have certainly seen some proposals, and we have done some appraisals. We have also talked to employers and potential employers for Bangor in the last months. If there is a good commercial proposition and then there is no requirement for government intervention, then the ideal situation is that they are commercially driven projects first. So unless there is a specific need — and I do not know the Bangor requirements well enough — then generally we rely on private sector first, and only step in when we have real evidence of failure. All over Northern Ireland, in the UK and in many other places, councils will be looking at regeneration projects over the next few years. COVID changes the shape and space of the city centre. For all of us, we want vibrant city centres. That is part of the culture of who we are and part of the economic fabric of the country. We actively engage in local economic development plans with councils, and we are very keen to be involved in those as they look at life after COVID with the new business world and what they may need in the future, whether that is offices, incubation spaces, shared working facilities. In any of those discussions, we are happy to make sure that we have our economic input into that.

Mr Dunne: Thank you for that. I appreciate the need, and I think that it is an issue that needs looked at. Obviously, COVID has an impact. However, there are areas like —. I will go back to the Bangor situation, which I know well. We have waited for years for the private sector to come along and to deliver, and it has not happened. It has not happened for various reasons, and I do not think that it is going to happen in the near future. But with the support of government to be a catalyst and to help to drive it, then I think that we could see delivery. We will certainly keep the focus on that, and I appreciate the points that you made. Thank you, Chair. Thank you very much, Kevin and Donal, for what you are doing.

The Chairperson (Dr Archibald): To make a similar point to Gordon, I know of a business in my constituency called Paragon Health which was able to diversify and to make face masks for the health service, and it had support from Invest NI in doing so. That is really important work. With regard to that piece around the diversification of supply chain development, is additional work being done around that, particularly in the space of PPE?

Mr Holland: Yes. We have worked with about 450 companies so far with regard to diversification and then PPE, whether it is diagnostic testing, face masks or visors, or a little bit at the beginning about ventilator equipment and some of the engineering side of it, and a lot of that work is ongoing. I know

that we have had over £100 million of orders which Northern Irish companies have got for PPE because of some of this diversification work. I think that there is a line of sight to £200 million when you include supplies into the UK, so what a great way to rebuild a bit of fast business in Northern Ireland while facing a critical health situation. It helps to protect people and employees who deal with patients, and it also helps the economy, so we are clearly going to support that going forward. You asked earlier, Chair, about some of the future schemes, and at least one of the schemes that will be launched before the end of the year will help businesses to look at that in a bit more detail as well.

Ms Sugden: Thank you, Kevin and Donal. Since you have been in your post, Kevin, I applaud you for really pushing the idea of innovation in Northern Ireland, and I think that Northern Ireland is certainly right to seize those opportunities. What does that innovation actually look like, and what is Invest NI doing to encourage that? I have experience with Invest NI over the last couple of years where I have been trying to encourage a particular type of innovation in my constituency, and I was quite disappointed at the level of engagement with Invest NI. There was almost a suggestion that the idea had to be much further along whereas, for me, innovation is about a new idea, exploring the opportunities with that and doing all that due diligence, and I think that that is where Invest NI has that role. I am keen to understand, from your perspective, what you believe Invest NI's role is if there are innovative ideas in Northern Ireland, whether they are at the very start of the idea or maybe slightly further along, and if it is coming from really small businesses as opposed to big businesses. I know that one of the criticisms that I hear from constituents is that Invest NI is only interested if they see the colour of your money and if you are a big business and you are coming from outside of Northern Ireland, so what is Invest NI doing for indigenous businesses at that early stage of the idea?

Mr Holland: Thanks for that, Claire. First, the innovation funnel only works if you get a lot of input in the beginning. You have to have 1,000 ideas and you work on them and advance them, and some fail and some succeed and some move forward to the next stage. At the end of the funnel, you will get three fantastic ideas that will change the world. The hard thing about innovation is that you do not know which three of the 1,000 are going to do it. That is the hard work. You need the 1,000, and you need to work on them. I will certainly support as many of the innovative ideas as we can. The innovation voucher scheme that we run is quite broad church in its availability for businesses. I think it is SMEs only, but it has quite broad access. The first bid, which I think is what you are talking about, is for £5,000. It will help you to take, "I think I've got an idea, I think it makes sense, maybe I've got a drawing somewhere", and move that to the next bit — the early, early stage of feasibility.

We did a scheme from April to June and have just closed the second scheme. In the first one we ran in this financial year, we doubled the applicants and nearly doubled the awards, so some great, quality ideas. Your constituents will find big ears when they talk to Invest Northern Ireland about those projects. That did not happen before, whatever the reason.

Ms Sugden: I am lobbying here again, because I was probably pursuing it before even your time, and you are encouraging a new culture with Invest NI, and I look forward to seeing the positive benefits of that. It is not necessarily the financial resource that they are looking for, because the idea does not need it. It is the expertise, the open doors. It is what I believe Invest NI should be there for. It should have that understanding of international markets, the culture and the ethos, and just lend that support to someone in Northern Ireland who just wants to create a product and a business and who just wants to get on with it. It is almost like networking, and I suppose that is not what is being offered. I appreciate your point that there could be thousands of ideas; how do we crystallise those into the ideas that are going to take Northern Ireland forward?

I will give you an example of where I am frustrated. They have an idea and it seems positive, but there is no end point for them. There is no market, no supply chain, no production point or anything like that. What role would Invest NI have in that? It is not just about, "Here's a cheque for five grand", because, to be honest, that would not touch it, and it is not financial support that they need. It is your expertise, and all that other stuff that is as important as a cheque.

Mr Holland: Let us talk about some of that stuff. I am intrigued now, anyway. I have 61 technical experts on my team, and those are the kinds of things that they are able to do. I have watched them in action, and they are brilliant. They will help you to look at things like regulatory design. If you are looking at a medical device or something that needs to have electronic compatibility, and you have a new idea but are not used to doing business, how do you find out about these things? We have open access to those experts for any business in Northern Ireland, so you can do that.

The second thing we have is a business information service. It is now virtually in our office in Belfast but it is available to anyone, and you can commission work on, "I've got a brilliant idea to save the whales in Iceland, but how much money is in the market for saving whales in Iceland, and is there potential for that?" You can work on that with our business information centre. It is an amazing resource, but it is not cash. What we bring in terms of experience and expertise is much more valuable for many of the projects that we get involved in than the funding. Often, it is the conversations with our team, who will talk to you about other companies, how they have gone abroad, how they entered the market, and what market segmentation is and how you can apply it. Those conversations are really valuable. That is what I hear when I go round to talk to different companies. I certainly recognise the importance of that. We have expert resources. I would love to have more but that is the level.

We need to talk about how we build and rebuild the skill sets to do that, and how we can expand that across Northern Ireland. We facilitate a lot of networking between businesses, and also things like mentorship. I set up my own mentorship contacts this week. I know somebody who just runs [*Inaudible*] companies in the field, and is brilliant at talking to young businesses, so we connect him with the networks that want that. Those things are really important, and they are also fun to be part of.

Ms Sugden: Thank you. I will follow up with you, now that I have piqued your interest.

My last point is about skills, and you alluded to it when you talked about the Assured Skills academies. I declare an interest as my husband ran one of those academies. They were super successful, and industry was really pleased with them because they were almost tailor-made to support the skills that it needed within business that maybe do not exist. There are big opportunities, and not just in universities. This is my point. We should look towards further education colleges, not least for the regional balance across Northern Ireland, which is easier to facilitate than if everything is concentrated in the main hubs of Derry and Belfast and Coleraine as well. We need more of that; we need to talk to business, understand what they need and create skills on that basis.

Mr Durkan: To add to Kevin's point on innovation, we have an innovation escalator that ranges from innovation vouchers at the lowest level right up to dealing with competency centres in universities and every element in between. All of our technical experts have knowledge in detail of the different stages of the escalator, so we will be more than happy to pick up on that after the session. In terms of some of the statistics, of the 1,000 letters of offer that we have issued since March, over 500 have been in research, development and innovation. The value of the total support that we have offered is in the order of £9 million. There is active and ongoing engagement on innovation and skills development, and we are following up with actual investment in businesses to help them develop in those areas.

Ms Sugden: Great, thank you.

The Chairperson (Dr Archibald): That is it for questions from members. Kevin and Donal, thank you very much for your time. The briefings this morning have been very helpful, and we will be in touch in relation to some of that. Thank you.

Mr Durkan: Thank you.

Mr Holland: Appreciate it.