



Northern Ireland
Assembly

Committee for the Economy

OFFICIAL REPORT (Hansard)

Support for Business during the COVID-19
Pandemic and Other Issues:
Mrs Diane Dodds MLA, Minister for the
Economy; DFE Officials

16 December 2020

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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 John O'Dowd
Mr Christopher Stalford
Ms Claire Sugden

Witnesses:

Mrs Dodds	Minister for the Economy
Mr Mike Brennan	Department for the Economy
Mr Paul Grocott	Department for the Economy

The Chairperson (Dr Archibald): I welcome the Minister for the Economy, Diane Dodds; the permanent secretary in the Department for the Economy, Mike Brennan; and the deputy secretary of the economic strategy group, Paul Grocott. I will hand over to you, Minister, to make an opening statement, and then we will open up to questions from members. Thank you.

Mrs Dodds (The Minister for the Economy): Can everyone hear me OK?

The Chairperson (Dr Archibald): Yes.

Mrs Dodds: Good. This is a bit strange for me because I much prefer talking to people in person, but we will persevere.

Good morning, everyone, and thank you for giving me the opportunity to update you on what the Department and I are doing in relation to the rebuilding of the Northern Ireland economy. There is no doubt that the pandemic has wreaked havoc on our economy. However, I reaffirm my commitment to recovery. My priority is the people of Northern Ireland and their businesses, jobs and livelihoods. That is why it is so important to keep businesses open, and our businesses need clarity to plan for the future. I will continue to approve the launch and operation of grant schemes to help our business community during periods in which it is simply not possible for them to remain open. Paul is with us today and will be able to give greater detail, but I will provide you with some of the headline information now.

To date, my Department, through the various grant schemes, has provided nearly £350 million of support, with the potential for a further almost £194 million once the remaining schemes close. We have supported over 32,000 businesses so far and will now provide support to thousands more. To deal with the most recent restrictions, we have introduced the COVID restrictions business support scheme (CRBSS) to provide much-needed support to restricted businesses that do not qualify for support through the localised restrictions support scheme (LRSS) and to businesses in the supply chain of restricted businesses that have been severely impacted. To date, part A of the scheme has received 4,027 applications: 3,824 have been processed, 3,044 have been paid and 226 have been rejected. A total of £14,607,000 has been paid out. Part B of the scheme, which offers support for those operating in the direct supply chain, opened at the end of November. To date, 797 applications have been submitted: 387 have been processed; 231 have been paid, with just over £415,000 paid to those who were successful; and 130 were rejected. For those looking at the figures and asking why there is a difference between the number processed and the number paid, some of the processed ones will be paid when verification documents etc have been provided. They are in the system and are on their way.

A £10 million scheme is available for the newly registered self-employed who are not eligible for the national self-employed income support scheme (SEISS). At the start of September, I announced a £1 million digital selling capability grant to help retailers and wholesalers to generate online business. We have since been successful in getting an additional £3 million to aid that grant. A £5 million equity investment fund is targeted at early stage and seed stage SMEs. At the beginning of October, I announced the £2 million COVID-19 business and financial planning grant, which is supporting businesses by contributing towards the cost of an adviser to carry out an analysis and strategic review of their business. At the same time, we launched the Tourism NI business and financial planning support programme to assist tourism businesses in the recovery process. Further schemes to support tourism, local high-street businesses and limited company directors are under development.

Developing those initiatives has often been a monumental task, but they have provided vital support to those who need it most. Recovery requires a monumental effort, one that neither I nor my colleagues in the Department will shy away from. However, we must work within the constraints of a challenging departmental budget, given the very poor financial settlement of the Northern Ireland block grant for 2021-22. The reality is that, for my Department, a flat baseline going into 2021-22 represents a real-terms cut of 15%. That is due to inescapable pressures of £54 million, which include £34 million COVID financial tails and the removal of EU funding, £70 million of which is required next year. That is not a sustainable way to support economic recovery. While departmental settlements are yet to be finalised, it is clear that this will be an extremely challenging settlement for my Department. The proposed allocation falls significantly short of what the Department for the Economy will need if it is seriously to lead the work to begin economic recovery. I will value the Committee's support as we seek additional funding in the Budget settlement and, of course, throughout the year and in the various monitoring rounds.

Economic recovery will continue to be a priority in the new financial year. EU exit will, potentially, have an impact in relation to Northern Ireland protocol costs. We believe that around £12.5 million will be needed to fund the Northern Ireland protocol outworkings in 2021-22. That does not include costs to businesses that are not protocol-specific. Significant additional funding is also needed to rightsize the Department and support the additional work that is being taken forward to deliver economic interventions and support economic recovery from COVID-19.

The impact on my Department is compounded by a reliance on EU funding. Historically, the European social fund (ESF) and the European regional development fund (ERDF) have funded substantial activity within our policy remit. There is currently a lack of agreement on EU replacement funding at a national level. Initial indications suggest that funding from the UK Shared Prosperity Fund will be significantly less than current EU funding. Informal indications suggest £11 million for Northern Ireland, which represents a huge financial risk to the Department's ability to support economic recovery.

On average, EU funding has equated to around £100 million per annum across the Department and its arm's-length bodies, with bids for next year in the region of £70.6 million. My Department currently uses the ERDF to fund Invest NI's innovation and research and development activity. In 2021-22, that will require £19 million for research and innovation and a further £4 million for selective financial assistance to SMEs. Invest NI's budget for that activity, which was provided under the 2014-2020 programme, has been exhausted. That is a serious gap. The projects take time to develop and negotiate, and clarity on future funding is vital for that. ESF programme projects have EU funding in place until March 2022. However, with uncertainties over future funding, succession policy development has been impeded. The delivery organisations are, understandably, anxious. To mitigate

the risks associated with ERDF and ESF, we have bid several times for COVID funds. In January monitoring, we submitted two bids totalling £40.6 million. Funding those bids would provide certainty for next year and allow time to negotiate a more substantial future settlement.

I have set out for you a number of significant and worrying developments that will have a more significant impact on my Department than on others. That is coupled with the fact that the Northern Ireland economy will be in a difficult position in 2021-22 and will need more support and intervention than ever. I have written to the Minister of Finance to detail those concerns and have copied the letter to Executive colleagues. I am aware that the Infrastructure Minister has flagged similar concerns. I urge you to do whatever you can to support the Department's bids for funding so that we can continue the vital work of assisting businesses through the crisis and during the recovery phase. A successful economic recovery for Northern Ireland may well bring challenges that we will all have to face in the coming years.

Thank you. I am happy to continue the discussion.

The Chairperson (Dr Archibald): Thank you, Minister; I hope that you can hear me OK.

You have laid out some serious concerns about the budget going into next year. I am sure that members will want to pick up on some of those concerns as we go on. Members have agreed to ask one question at a time as we are trying to get round everybody quite quickly this morning.

I will start with the support schemes, Minister. We appreciate that there is a lot going in the Department to develop these schemes, a number of which have come on board recently as a result of funding allocations. I will start with the newly self-employed scheme, and I note that, in the figures that we have, 660 applications have been submitted so far, which is to be welcomed. However, we are aware that some people are still excluded, and I wanted to get a little update from you in response to those concerns. Are there plans to extend the scheme?

Additionally, you mentioned in your opening remarks the support for company directors and wet pubs. I think that I saw on social media yesterday that you plan to bring the wet pub support scheme to the Executive this week. Can you give us a little more information on those two schemes?

Mrs Dodds: I do not know whether you can hear me very well. I got bits and pieces of that, Caoimhe, as opposed to it all, so forgive me if I am not on the right track. You asked about the self-employment scheme, and I assume that that was really about the criteria for that. After some general opening remarks, I will allow Paul or Mike to come in.

The self-employed scheme relates to those who were unable to submit a tax form in the previous year but became self-employed from March 2019. The self-employed scheme that we are operating and offering is pretty much the same self-employed scheme as we were asked to look at by those who were excluded, and it is the same as the self-employed scheme that has been implemented in Wales and Scotland. The scheme also fits within the budget allocation from the Department of Finance. If we were to do anything different to the scheme, it would, essentially, become a different scheme and therefore require further budget allocations. The information that we have so far from the scheme is that the number of applications is pretty much on target. We indicated that it would apply to about 2,500 individuals, and about 1,700 applications to the scheme have been started. The scheme is pretty much on target in respect of the cohort of individuals that it is designed to address. Paul, do you want to come in?

Mr Paul Grocott (Department for the Economy): The only thing that I will add, Minister, is that we are aware of the exclusions. The scheme being delivered has a single purpose: to help those who were not eligible for the self-employed income support scheme. The same criteria have been replicated, and, as the Minister explained, it is designed to fit that policy intent and the funding envelope that was allocated to it.

The Chairperson (Dr Archibald): OK. Thanks for that.

Minister, I also asked about wet pubs and the company director scheme.

Mrs Dodds: Apologies. I got caught up with the self-employed scheme and did not answer on the wet pubs.

The wet pub scheme is pretty much ready to go. It will, hopefully, go to the Executive for discussion tomorrow. It looks at the traditional pubs that do not serve food, which have been pretty much closed from March, except for the few weeks at the end of September/start of October during which they were allowed to open. Those pubs have been supported from October onwards through the localised restrictions scheme run by the Minister of Finance and will continue to receive that support. Therefore, this scheme looks at the narrow period between the opening up of hospitality at the beginning of July and the opening up of traditional pubs at the end of September. It looks at how we can support those businesses for the period during which they were closed and everything else was open. The scheme mirrors the localised restrictions support scheme. It is pretty much ready to go. We are just doing some of the work on how we will verify the scheme. It is important not only to get the scheme right but to know that we are trying to manage public money in a way that is verifiable in the future.

The company director scheme is still a little bit in the workings. We have sent an initial paper to the Executive on that. However, it requires some work on eligibility. Paul may want to give you a fresh update on that. The wet pub scheme is pretty much ready to go, as is the large tourism and hospitality scheme. We hope to get both of those out before Christmas.

Paul will say more on company directors.

Mr Grocott: I will add to what the Minister said that, given the nature of that population, it is quite a complex scheme to define. There are about 32,000 company directors in total. Therefore, we need to find eligibility criteria to target those who are in need and to ensure that those who are eligible can apply. We are engaging with stakeholders to ensure that the eligibility criteria meet the policy intent that the Minister has outlined. As the Minister said, the broad framework of the scheme is set, and we have shared that with Executive colleagues.

The Chairperson (Dr Archibald): Thanks for that. I have just a quick follow-up —.

Mrs Dodds: Sorry, Caoimhe, I just want to say that, for the company director scheme, we had asked for a significant amount more than we were actually allocated. Therefore, again, the scheme will have to fit within the budget that we were allocated. I understand the constraints from the Finance Department's point of view. When designing a scheme, particularly when there is a large population who might engage with it, we also have to realise that a specific budget has been allocated to it, so the scheme will have to live within that budget.

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

I have a quick follow-up question on the scheme for the newly self-employed. Is it the intention to go back to the Executive to seek an amendment to and further funding for that scheme?

Mrs Dodds: At the minute, I would like to see how the scheme develops and progresses. As I say, if there were to be amendments, that would, in fact, probably require there to be a new scheme. That would require a new budget, and it would require us to identify another cohort of people and so on. I want to see how the scheme runs, and we will then evaluate it and go from there. Of course, everything is dependent on the budget that is available and how it has been allocated to us. Identifying that cohort of people is also important. At the minute, we are on track, and the scheme looks as though it will broadly fulfil the policy objective of assisting the intended cohort. I remind everyone that it is the same scheme as Scotland and Wales have run, and this is the scheme that the Committee asked us to look at.

The Chairperson (Dr Archibald): Thanks for that, Minister. I will move on to members and come back in later.

Ms McLaughlin: Thank you, Minister, for your briefing this morning. I want to move away from the schemes to look at transition issues. Will you give us a rundown on how ready you believe we are in the run-up to 31 December? We got a paper today on the protocol. Will you articulate in a more in-depth way the issues around transition?

Mrs Dodds: I am of the same view as the Committee and wider stakeholders, which is that it has been incredibly difficult to help businesses to get ready when agreement on some of the issues came so late in the day. In fact, I think that the Joint Committee is meeting today to ratify the agreements that Michael Gove spoke about in the House last week. That might resolve some of our issues.

However, it does not resolve all of them, and, in fact, it simply pushes some down the road a bit. Broadly, we got to a better place on the transfer of goods from NI to GB. We have managed to avoid a hard stop on export health certificates and the import of goods into Northern Ireland, and we have a six-month derogation on chilled meats.

Those are not terribly long amounts of time in which to seek proper solutions to all the issues. We would like greater clarity on a number of those issues, particularly the trusted trader scheme: who can be part of it, how it will work and whether it is fair to the individual businesses that will bring goods in, as opposed to the large supermarkets, which, so far, have been the focus of much of the conversation. Therefore, those big higher-level issues still need to be resolved. Remember, of course, that there is no derogation on customs. That is where the Trader Support Service is vital, and it is vital that the Government ensure that it is functioning for the beginning of the year. Higher-level agreements help us and take us forward in all of those areas.

In the meantime, the Department has been working with businesses and SMEs, as have Invest NI and InterTradelreland, as discussed yesterday in the Chamber, to help them to prepare. If you look at the Invest NI timeline for last week, you will see how many webinars it ran and how much advice it gave to businesses on all of these issues. It has an online EU exit resilience tool and information on Brexit preparation grants, and it has been working with businesses in Northern Ireland on all of that. However, as I said, this is a very complex issue, and the lateness of the agreements has hampered businesses.

Many businesses here, in common with the rest of the world, have been focused on trying to combat the impact of COVID, and it has been difficult to take Brexit on board as well. That is very much a complicating factor.

The other thing that would really help businesses enormously is a free trade agreement. I have said repeatedly that an outcome that gives us a zero tariff and zero quota free trade agreement would be an enormous help to Northern Ireland.

Mike, do you want to come in on some of those issues?

Mr Mike Brennan (Department for the Economy): As the Minister said, Invest NI [*Inaudible*] resources on trying to get the business community ready for the end of the transition period, but the big unknown is whether a trade agreement will in place, and businesses are struggling with that fundamental question.

The Committee Clerk: Mike, will you speak up a bit?

Mr Brennan: Can you hear me OK now?

The Committee Clerk: Yes, that is better.

Mr Brennan: I was making the point that, as the Minister said, Invest NI and InterTradelreland have invested a lot of time and resource in trying to do increased business preparedness, but the fundamental question that remains unresolved is whether a free trade agreement will be in place. You can see why businesses feel constrained, and there is also uncertainty around customs. That is probably the most profound question that they have to address, yet that is the one that remains unanswered.

Ms McLaughlin: I have a follow-up question, Minister, on preparedness, which will require a lot of legislation to be passed. Have you any idea what the timetable for that will be between now and 31 December? I suppose that I am asking whether you are a fortune teller, but it is important that we know what is ahead of us. We have to prepare for a deal and for a no deal, and I am just wondering where the Department is with that preparation.

Mr Brennan: This Department has a significant range of legislative amendments that have to be advanced. DAERA is probably the most exposed of any Department, and we are next. In recent weeks, we have been triaging the legislative requirements and focusing on what we need to have in place for day 1.

We are now pretty confident that we have the legislative cover needed to address the pressures on day 1, mainly in the area of energy. We have in place a suite of legislation, which we will bring to you,

that will provide cover from day 1. However, a significant portfolio of legislation remains to be progressed pretty urgently in January and February. Some of that will be dependent on the outcome of the UK/EU negotiations and the nature of the agreement that is put in place.

Ms McLaughlin: OK, thanks for that.

The Chairperson (Dr Archibald): The table provided shows five statutory rules (SRs) that were supposed to be passed by the end of the year. One in particular, in relation to energy interoperability, is significant. The paper states that the Department cannot quantify the potential damage that failure to legislate will cause. Will you elaborate a little on that?

Mr Brennan: I am not sure, Chair, but I think that you are referring to the single electricity market operability. Is that the legislation that you are referring to?

The Chairperson (Dr Archibald): We can come back to it, Mike, when I find it.

Mr O'Dowd: Good morning, Minister, and thank you for your presentation.

I want to raise a COVID-related matter that relates to our student population. Several weeks ago, in the Chamber, I asked you about the Scottish Executive's initiative, which released £1.3 million for the health and well-being of students. In fairness, you gave a positive response and said that you were interested in that. Later, when I put a similar question to the Health Minister, his response was also positive. Has there been an opportunity for a meeting between your Departments, and has that matter been progressed?

Mrs Dodds: I know that you are genuinely interested in this, and so am I. The impact of COVID on mental health and well-being across the community is as yet unknown. However, it will have been fairly devastating. Just as an aside, at the weekend, I was out in my constituency talking to some business people, and the level of anxiety is very high among that population as well. I think that COVID has had a pretty devastating impact on mental health and well-being.

The Department mainly engages with the Department of Health on students through the coordinating role of the Executive Office. We have been looking at a range of issues for students, including their travel home. I am working with the universities on their restarting in the new year. As you know, in the past financial year, I bid for money, and I doubled, to over £5 million, the amount available to alleviate student hardship. We have kept an eye on that level of funding. It is still adequate for this financial year, but I will not hesitate to look for further funding should we need to add to it. Hardship is being addressed as one of the factors that impacts on students' mental health. If I need to, I will continue to address it, because it is really important. Many students, including students in my family, find work in hospitality and so on to augment their student grant, but they have not had that work over the past number of months. Hardship is being addressed, but if there is a specific need, I will, of course, look at that. Within that is the issue of well-being, which the universities are also addressing. Queen's University and Ulster University have been doing specific work around that. If there are specific issues — if you think that we can do more with the student population and the universities — I will be happy to have a separate conversation with you, because it is one of the most important issues to address. Mike wants to come in.

Mr Brennan: I will add to that, Minister, that a couple of other issues relate directly to students and COVID. For example, additional funding is required for free meals, particularly in the FE sector, and for students to access rapid testing. Discussions are under way with the Department of Finance, and a paper going to the Executive tomorrow is on just that position. Those are in the context of both in-year and January monitoring bids and requests to the Executive in relation to the 2021-22 budget position. I will not go into the detail but additional allocations have been sought, and there have been encouraging signs that student pressures will be addressed.

Mrs Dodds: John, I will drop you a note outlining all of this and the level of funding that we have been given to help students to get online, improve their online access and their access to laptops etc.

Mr O'Dowd: I appreciate that additional funding has been provided to students. One of my concerns is that the considerable funding left in the universities' hardship funds does not reflect the amount of correspondence that I, and other elected representatives, receive about the hardship that students are facing. There is a question about accessibility and the criteria that universities are using to access

those funds. The criteria are too stringent. Considering that these are public funds provided by your Department, there is an opportunity, Minister, for your Department to engage with the universities to ensure that their criteria are flexible, accessible and meeting the needs of students. When public money is available but not being spent, it is a waste. It is a wasted opportunity. I ask you to follow up on that, please.

Mrs Dodds: I know that the criteria were relaxed. The universities want to target the students who are most in need. For me, that is a really important issue. There is a range of students with a range of needs, including those with disabilities and those who have family commitments. It is important that we target those most in need. There was some relaxation in relation to the COVID issues that students were experiencing, but I will look at this, and I will ask the universities to reflect on the issue and come back to me. When they do, I will write to you.

Mr O'Dowd: Thank you.

Mr Brennan: I will be talking to the vice chancellors of the universities on Friday. I talked to the chancellor of Queen's just last Friday. I can raise that specific concern and make sure that there is no problem with the eligibility criteria.

Mr O'Dowd: Thank you.

The Chairperson (Dr Archibald): Mike, I want to go back briefly to the SRs. The Minister's letter says that one concern is that the SR on energy, which is about the potential inoperability resulting from the as yet unknown outcome of the negotiations, will not be in place by the end of the year. In the list of statutory rules, it says in relation to number 6 that legislation may be required to deal with any inoperability in retained EU law once the scope of the protocol has been determined. I want to understand what contingencies are in place to put those SRs in place.

Mr Brennan: If I am picking you up right, you are asking about the status of SR 6. Is that correct?

The Chairperson (Dr Archibald): Yes.

Mr Brennan: It is directly tied in with the outcome of the negotiations. I will write to you later today to provide clarity. The issue is whether, if there is no deal, there is the possibility of an effect on the operability [*Inaudible*] systems in early January. I will check and get back to you in writing.

The Chairperson (Dr Archibald): Thanks, Mike.

Mr Middleton: My question is to the Minister. Will you give a brief picture of the budget outcome? We are not too far from the start of the 2020-21 budgetary period. Will you give us an idea of the pressures that will exist and what priorities you will want to be financed going into the next year? You mentioned that you will prioritise recovery, which is absolutely the right thing to do. How vital is it that you get the necessary support to ensure that we can do all the things that we need to do to get our economy back to the level needed?

Mrs Dodds: It is one of the most important issues that we can work on together over the next number of months. Even in the midst of very difficult circumstances, I am choosing to be more hopeful. With the vaccine roll-out across Northern Ireland, which is excellent to see, we can lead our economy and society back to more normal times. Today, I am choosing to be more hopeful, and we should all cling to that. However, we will need to do specific things around economic recovery. We will need the tools and funding to achieve that economic recovery. I will ask Mike to come in on this as well. Currently, we have budgetary pressures of around £54 million in the recurrent budget. They include COVID tails of £34 million relating to the apprenticeship schemes etc that we want to continue to run. The remaining £21 million is made up of other budgetary pressures. We also have pressures around our European funding: around £45 million relates to the ERDF and ESF; and £25 million relates to ERASMUS and competitive funding. All in all, that gives us budgetary pressures, as we start the year, of around £124 million. If we were to apply those pressures, that would lead us to a 15% cut in the Department for the Economy's budget. Obviously, that is an enormous potential cut at a time when the Executive and the Department have to prioritise economic recovery and will need additional funds for that. I am talking just about the baseline budget. We have already written to the Department's arm's-length bodies and asked them to make an initial stab at how they would cope with budget cuts of around 4% or 8%. We await those results filtering back to the Department.

When looking at the spending review and at the three-year Budget plan, which has now become a one-year Budget plan, we were looking for additional funding of around £50 million per annum, which would help us to develop an economic recovery fund. That is important because, going forward, we need to support business and innovation. That is the broad position of the Department. I will ask Mike or Paul to come in on those figures or on anything else that they want to come in on.

The important thing is that, as we enter this period of Budget negotiation, there are incredible pressures on the baseline budget of the Department, never mind the additional funding that we will require if we are to instigate economic recovery measures. That is hugely important.

The last thing that I want to say about the budget — this is huge — is that all we need to future-proof our economy by investing in skills. We need that additional skills budget, which will help us to provide our people with the skills that they need to lead the future economy of Northern Ireland. Those skills need to be in the right places and the right areas.

I hope that I have the Committee's support in seeking those additional amounts for economic recovery, skills and to protect the baseline budget of the Department so that we can get on and do the things that we need to do.

I will ask Mike to address the specific issue of Invest NI and its innovation budget because that is an immediate and top priority.

Mr Brennan: Thanks, Minister. As the Minister has said, the budget position is incredibly challenging not just for this Department but for all Departments. I will give you some insight into the scale of the challenge. When you step back and look at the Chancellor's statement on Thursday, you see that the outcome for Northern Ireland is, essentially, at best, a flat cash settlement across the NI block. When you consider that the Department of Health accounts for about 55% of that Northern Ireland block and that health inflation is running at something like 6%, you can see the simple mathematics of the challenge that lies ahead for the remaining Departments in the Northern Ireland Civil Service (NICS).

A phenomenal real-terms cut will have to be made. The Health Department, effectively, *[Inaudible]* the other Departments. The Minister set out the challenges for the Department. At the minute, we have a cash settlement of somewhere in the order of £820 million. The Minister has detailed that we have inescapable pressures of somewhere in the order of £125 million. That covers the inescapable pressures, but, more important is the discontinuation of EU funding and the fact that the Shared Prosperity Fund will not replicate on a pound-for-pound basis what was coming in from EU funds. That is a major concern, particularly for this Department, which has probably been more reliant than any other Department on ESF and ERDF for things such as R&D, innovation and apprenticeships. That is a profound policy challenge for this Department to have to address. The likes of Invest NI write business well in advance of the financial year. Its reliance on EU funding will diminish significantly, if not completely, and the Treasury will not cover what has been called EU funding in future years. Therefore, I suspect that Invest NI — I was talking to the Invest NI board this morning and made this point — is now in the position where it will have to stop writing new business because it will not have the budget cover for that. As the Minister said, a few weeks ago, I wrote to officials in the Department, the arm's-length bodies, the universities, the FE colleges and Invest NI asking them to give their projections of what a 4% and an 8% budget cut would mean for the Department. Having looked into the numbers more since then, I think that I should have gone for more draconian scenarios. Eight per cent is not the worst-case scenario, depending on how the budget negotiations go.

The fundamental point here is that, if everyone is genuine about the need to invest in economic recovery going forward, we have to resource that. It will not be met by warm words alone, and, as the Minister said, we have plans for funds of somewhere in the order of £50 million per annum just to address economic recovery. That will be in addition to our flat-line, flat-cash budget position, not an 8% cut or something worse than that. I will pause there.

Mrs Dodds: On the EU funding piece, we are not on our own. We are in a common position with all the other regions across the United Kingdom. When I talk to my counterparts in Scotland and Wales and, indeed, to individual MPs across the north of England, their agents are in exactly the same position. The Executive, the Finance Minister and I have all been working with the national Government to try to rectify this position, and I hope that we will get some way towards rectifying it, but I want to outline for the Committee the seriousness of the situation. We need support to ensure that we get the appropriate budget allocation, and, indeed, there is a need for recovery funding as well. It is a huge issue going forward. We cannot take this economy into a new place without funding. As Mike

says, warm words will not really do it, and we need to provide the funding that will give leadership to the economy and give confidence to businesses to go forward.

Mr Middleton: Thank you for that, Minister, and thanks, Mike, for your contribution. You outlined very clearly the serious situation that we are facing as we go into next year. The Committee will carry out inquiries, which is important work, but we need to lend our support to ensure that the finance and resources that you require to do the initiatives that you want to do are there for you. As a Committee, it is important that we do all that we can in the coming months to ensure that you get the necessary resources. Thank you for that.

Mr Dickson: Thank you, Minister, for joining us this morning. Indeed, a word of thanks to you and your officials for engaging again in the last couple of weeks with representatives from ExcludedNI to help you to refine the schemes that you have been rolling out. That has been very helpful, but the reality is that we could have done this a very long time ago, and you have, in fact, spent most of the year thrashing around in the dark trying to work out who to support and how to do that.

Minister, today, there are people who remain excluded, so what actions do you intend to take to mop up the areas that are still excluded? What action do you intend to take to provide a quick appeals mechanism? Many in the LRSS scheme are saying to us that they are not getting funding, yet a neighbouring business or somebody who is in virtually identical circumstances is. They find it very difficult to understand why they are not getting support at this point. I appeal to you to put in place a very quick appeals mechanism or, at least, a way for people to get answers to their questions. That could and should have been best served by a hotline or an enquiry line. Again, it is too little, too late, Minister, but we learn from the lessons of all these things.

Very briefly, I will roll two questions into one, Chair. Minister, where do you see us in the next financial year? We will still have to balance health against the economy. I listened this morning to the former governor of the Bank of England, who made it clear that Governments will have difficult decisions to make in the next financial period as they balance health versus economy. He said that they will have to take brutal decisions, which will mean that some businesses, quite simply, will not survive and will have to be left behind. That is why they are currently pleading for support.

Mrs Dodds: First, Stewart, thank you for the questions that you asked in your own inimitable style. I have not been thrashing around in the dark about anything. I can deal only with the schemes that I have been asked to bring forward by the Executive, and I can do so only when funding for those schemes has been provided by the Executive and the Finance Minister. Hence, we are doing what we are doing at this moment. Invest NI has a helpline for the COVID restrictions business support scheme. I have talked to many constituents who have found the helpline very efficient in trying to work through the problems that they have. I am glad to say that we are well on target to pay out on part A of the scheme before Christmas. Of course, the local restrictions support scheme is a Department of Finance scheme, so, if you want to address your questions about an appeals mechanism, a helpline or anything else to the Finance Minister, you should feel free to do so. That is equally important to say. I am happy to answer questions on the schemes that my Department runs and to take responsibility for them. That is my job. However, I direct you to the Department of Finance in relation to your query about appeals, a helpline etc.

I will also say, in mitigation, that we have been involved in devising schemes that had to be produced quickly, and the best protections had to be put in place around the use of public money. These are extremely difficult things to do. My Department, in particular, has been responsible for handling very many of the schemes. Indeed, we are proud to say that our recent schemes have helped over 32,000 businesses in Northern Ireland — businesses that might not have been here had they not received that help. We will continue to engage with businesses to make sure that we look at any gaps in funding and how best to address them. It is important to get those facts straight. It is also important, Stewart, to direct your queries to the appropriate Department.

As for where I see the economy being in the next year, the start of next year will continue to be extremely challenging and difficult. I do not say that in any light way at all. I say that with a heavy heart because I know about the impact on businesses, having talked to many of them across Northern Ireland. However, I am hopeful that, with the roll-out of the vaccine, we will start to see things pick up.

I noticed that this week's Ulster Bank survey stated that, for the first time in many months, business confidence was higher and more positive than it had been for a significant period. There are still very significant challenges, but businesses are more confident about the future, and that is important to

note as well. We will continue to work to support businesses in the time of COVID, but we will also continue to plan for a new economy for Northern Ireland.

The four tenets of the new economy that we looked at in 'Rebuilding a Stronger Economy' are still relevant, and we will continue to work on those. We will also continue to work with the agri-food sector, and I hope to announce further work on agri-food in the very near future. We will continue to work on clean energy. That is about not only the sustainability of the environment but how to create prosperity and jobs in Northern Ireland. We will continue to support the digital sector and start-ups from that sector. We will continue, I hope, to roll out the programme of city deals throughout Northern Ireland, which are an exciting development for the economy and part of our medium-term recovery plan. Of course, it was also really good to hear this morning, when I was listening to the news, the CEO of Tourism Ireland indicate that its research shows that people are looking forward to travelling, perhaps around the summer of next year. We want to get those marketing campaigns right, particularly in the Republic of Ireland, in GB and, indeed, with our international operators so that we can once again welcome people back to Northern Ireland. I am also looking forward, in a tourism context, to the opening of the new 'Game of Thrones' facility for Northern Ireland. That is another piece of the product jigsaw that we need to build to attract tourism to Northern Ireland.

Although we have certain difficulties and challenges, and we will continue to work on those, I think that we have very good long-term prospects, and we will also work to focus in on them. However, I go back to the budget: we need the ability to do that and the appropriate finances to do it.

Mr Dickson: Very briefly, Minister, given that most businesses do not understand the difference between your Department and the Department of Finance or the fact that two Departments operate different schemes, are you not a bit ashamed of sitting in your bunker or silo?

Mr Stalford: Assembly Members should understand the difference between the two Departments.

Mr Dickson: Could you and the Finance Minister not have got together to put together a common programme that would have delivered the answers to the questions from businesses to both Departments? I would put exactly the same question to the Finance Minister.

Mr Stalford: I have not heard you do that.

Mrs Dodds: I have to say that, given that Assembly Members confuse schemes, I understand how the general public also does so. I am very proud of the work that this Department has done. We have risen to the challenge of helping businesses in the most dire and unprecedented of circumstances, and we will continue to work faithfully with businesses and with wider business organisations to address the challenges that they have to meet. All I ask is that Members address their questions appropriately. That way, the general public will not be confused either.

Mr Dunne: Thanks very much, Minister, Mike and Paul, for your contribution. We all genuinely recognise the amount of money that has been given out in grants and support to businesses. Small businesses and large businesses all have access to it, and those of us who are proactive in our constituencies will be very aware of that. Yes, there have been problems, but a lot of work has been done, and it is important that we put that on the record. The Department for the Economy and the Department of Finance, and their various agencies, have worked continuously from February/March delivering unprecedented support for businesses. Maybe you will clarify the latest position, Minister, but I understand that around £300 million of support has been given. The amount given is unprecedented, and, in the main, it has been very much appreciated by the businesses that got it during their time of need.

My point is on tourism. How do we get tourism fired up in the new year, the spring and the summer? We are looking forward to it. What initiatives are in train to try to stimulate growth and to try to get our airports and so on back in business? May we have some information on that, please, Minister?

Mrs Dodds: Thank you for your comments on the support for businesses. It is important to me, and I spend a significant amount of my time talking to the wider business community and to business organisations about how we can best support businesses, not just in response to COVID but in our economic recovery. That is incredibly important to me, but it is more important to families across Northern Ireland that we can retain jobs and boost the economy and people's standard of living. I do not think that we can overestimate how difficult it has been for tourism and, indeed, the wider hospitality industry over the past year. They have suffered repeated lockdowns and had to implement

measures required to keep people safe in their businesses. It has been incredibly difficult. A new campaign by Tourism Ireland is about renewing, restarting, redesigning and rebuilding tourism, and I look forward to engaging with that. In the past year, we spent around £700,000 on a marketing campaign in GB, which was run by Tourism Ireland under the Embrace a Giant Spirit strapline.

Specific to Northern Ireland, it is about attracting visitors from GB. All the information that Tourism Ireland has shows that we will gain our first tourism impetus from the GB market or the ROI market. It will be really important to resource Tourism NI and Tourism Ireland to work with those markets initially and then go out to the broader markets to encourage tourists to come here. I was also encouraged by recent research findings that indicate that we are always seen as friendly people, that people feel comfortable coming to be among us and that the North American market, in particular, is keen to get back to travelling to Northern Ireland. I look forward to those days. I also look forward to being able to go back out to visit those destinations and encourage people to come to Northern Ireland. We also have ongoing tourism initiatives. We will have the voucher scheme, and we have had some initiatives to help tourism businesses to reboot and look at their particular needs. Those are extremely important in helping tourism going forward.

Yesterday, some folks in the Chamber talked about events tourism. That is really important not just for the events and what flows from them. Many events leave legacies in Northern Ireland, and I am really looking forward to getting out again, engaging and seeing whether we can bring back some big events to Northern Ireland. I sound a bit like a broken record this morning. Events tourism is brilliant to do, but, again, it requires a significant budget.

Northern Ireland's centenary is a year in which we can encourage people to come to see the progress of Northern Ireland and how it has grown, developed and moved on. We want to encourage people to come to Northern Ireland [*Inaudible.*]

Mr Dunne: OK. I have a couple of brief points. Have we dropped out?

The Committee Clerk: No, I think that we are still live.

Mr Dunne: I have a couple of points on hospitality. We have lobbied for the hotel sector for some time. I understand that support is pending for that sector. Is that the case, and will it come through very soon?

I fully support events tourism. We are all very much aware of the Irish Open golf championship, which was such a great success in north Antrim. Minister, I know that you will be aware of the bid for the World Rally Championship next year, which, hopefully, will be on your table very soon. I hope that you will keep progressing that and find the appropriate money for it. There is a great spin-off from all these events, and it will be important to keep events tourism and the impact that it can have to the fore.

Mrs Dodds: In answer to your first question about the scheme for large tourism and hospitality businesses, the scheme is pretty much ready to go, and we will bring it to the Executive very soon. We have engaged extensively with stakeholders on that. It applies to very large tourism and hospitality businesses that were not able to access the £10,000 or £25,000 packages — those that have a NAV of £51,000-plus. That is pretty much ready to go and will be offered reasonably soon.

As you know, events tourism is one of the things that have given Northern Ireland a high tourism profile. It was brilliant to go to the Irish Open at Galgorm and hear about how people, even in the most difficult of circumstances, delivered a really great golf tournament. How much better it would have been had we been able to have had spectators. All events tourism is dependent on the budget available for it. I seek your support for having a distinct events tourism budget.

Mr Stalford: The Minister is too much of a professional to rise to baiting, but I am not. I find it incredible that a member of the Economy Committee used the phrase:

"some businesses will ... have to be left behind".

That is not our function as a Committee; our job is to support businesses. The only reason why those schemes are in place and businesses are in the trouble that they are in is because of political decisions that have been made here on the hill.

Minister, what has the cost of lockdown been to the economy thus far?

Mrs Dodds: You will know that we have published several papers. Indeed, we had a discussion at our leadership group in the Department yesterday about the publication of further evidence on the cost of lockdown. I will ask Mike to explain that and go through it. We all know that we have to keep people safe and that we are in the middle of a health pandemic. However, you also know that my very firm view is that the best way in which to progress our economy is to have it open and safely working again as best we can. I accept that there are very challenging times ahead, but I choose to hope that, with the roll-out of the vaccine, we will recover lost ground, particularly in tourism and hospitality and for many businesses. We will continue to support them to do so.

Mike, the floor is yours on the costs.

Mr Brennan: The Minister referred to some of the research material that the Economy Department has published over recent weeks and months. It all paints a picture on the same canvas, and it does not look good. That is why we need to focus on the importance of prioritising economic recovery.

Research published recently by the Fraser of Allander Institute in Scotland highlighted that Northern Ireland suffered more than any other UK region as a consequence of the economic downturn caused by COVID. You are probably all well aware of some of the key metrics. The employment rate has fallen, and the unemployment rate has increased. The inactivity rate, particularly amongst young people, has increased. The composite economic indicator for Northern Ireland fell by 13.6% and is now at its lowest level ever. We know that 54,000 employees are still furloughed in Northern Ireland and that 70,000 self-employed individuals in Northern Ireland are on the second grant support scheme. When you bring all those metrics together, you see the perilous state of the local economy and how much ground has been lost. Many of the labour market improvements made over the past six or seven years have been lost in the past six or seven months. When talking about budgets and policies for economic recovery, you need to take all those metrics on board to realise how much ground we have to make up. We need to prioritise interventions to address that.

Mr Stalford: People, including some who are sitting around this table, who advocate for keeping the economy in lockdown will, in coming months, be banging on the Minister's door accusing her of not taking enough action to protect jobs. The Janus-faced approach from some people to these issues is really quite something.

I saw that a paper was published recently on the assessment of likely job losses when the furlough schemes come to an end. Was the figure that between 45,000 and 100,000 people are likely to lose their jobs? Is it simply a median? Do you just take a figure in the middle and say that we are looking, potentially, at 75,000 job losses in Northern Ireland?

Mr Brennan: Yes, that is one possible scenario. However, a number of variables are uncertain: for example, the degree to which the local economy will remain locked down in the first quarter of next year. As I said, we have over 50,000 people still on furlough. The furlough scheme ends at the end of March. We have 70,000 self-employed individuals on some form of grant scheme. You can see that, if we get to the end of March and the economy is still in significant lockdown, the impact on the labour market will not be good.

Mr Stalford: That is why it is really disappointing that, the day after freedoms are announced and people are told that they are to have a more relaxed situation, you have a Minister jumping up to say that further lockdowns in the new year are "inevitable". Since this started, how much money in total has the Department for the Economy bid for, and how much has it received?

Mr Brennan: Paul might be able to give you the figure for total bids. I know that we have spent somewhere in the order of just over £400 million on grant scheme interventions. I think that we have outstanding bids of somewhere around £150 million, which suggests that, in gross terms, we bid for around £550 million. Paul might have a greater insight.

Mr Stalford: Thank you.

Ms Sugden: Good morning, everyone. Good morning, Minister. Minister, this follows on from Mr Stalford's comments. If we are anticipating further lockdowns or restrictions in the new year, are you moving towards businesses advising you on the best way to do that? I met a number of businesses in my constituency last week and was quite impressed by some of the safety measures that they have put in place. Indeed, the recent lockdowns or restrictions do not necessarily seem to be working. Is there a more strategic plan for shutting down particular businesses? What will we see in the new year

on that? How are you being advised on what the various businesses are doing, and can do, to limit infection?

Mrs Dodds: You raise an excellent point. It is one that I raise frequently and regularly with my Executive colleagues. I am not the expert on transmission of the virus, Claire. However, from what I have seen and from the conversations that we have had, despite reduced business activity and closing a number of businesses over the last number of weeks, we still have a plateauing or even, as is the case now, an upward trajectory in transmission, so something is not working.

Like you, at times, I have been bewildered, annoyed and stressed out by the fact that, although many businesses take enormous steps to ensure the safety of their customers and employees, they are regularly targeted for closure. There are issues for us all. We all have personal responsibility and must heed the simple advice on masks, space and washing hands. We all need to take that personal responsibility. There are also issues with compliance and messaging, which have hit a very difficult space. Hence, we resort to the closure of the economy. You know my view on this: opening and closing the economy through a cycle of lockdowns is very damaging for the Northern Ireland economy. It is damaging for the prospects of businesses and damaging for individuals and their families. However, we have to balance that with the health of patients as well. There are no easy answers. I have seen my colleagues' angst, anger and frustration at the current situation. As I said today, I am choosing to believe that we are in a more hopeful phase. I think that, with the roll-out of the vaccine, as well as supporting businesses through a difficult phase, we can get the economy back on track.

Ms Sugden: Thank you, Minister. Picking up on the point about messaging and compliance, my experience in the constituency is that most people want to comply, whether they agree with the restrictions or not. Their difficulty is knowing what they have to comply with. The messaging has been quite poor, and people are confused. I deal with this daily, and, to an extent, I am really not sure what the regulations are [*Inaudible.*] We need to make it clear for the people to whom it matters. Putting it into regulations is not for Joe Public, in the sense that he does not know how to interpret or read legislation. The nirect website has not been great either. It does not deal with the significant variance that people ask about and which we, as MLAs, are experiencing on the ground. I do not necessarily expect you to tick every box, but there has to be some connection with people on the ground to understand what questions they are asking. I am not sure that that is happening, and I think that that is where we have had an issue with compliance.

Mrs Dodds: I have raised some of those points at the general Executive meetings. Messaging will help greater compliance and people's understanding of why they are being asked to do something and to do it in a particular way. We also all have to exercise some personal responsibility; no one can escape that. I am happy to take those general messages to the Executive and the Executive's information service again, Claire. If you want to drop me a note in advance of tomorrow's Executive meeting, I will be very happy to do that.

Ms Sugden: OK. Thank you.

The Chairperson (Dr Archibald): Minister, the two parts of the CRBSS are due to close this evening. Has the uptake of part B, in particular, been a little lower than you expected? Has any consideration been given to potentially extending that deadline?

Mrs Dodds: I found that extremely difficult to hear. Paul, if you heard more clearly, do you want to come in with something?

Mr Grocott: I think that the question was about the deadline of the scheme, particularly part B, and whether close to 400 is a number that we were expecting. Is that right?

The Chairperson (Dr Archibald): Yes.

Mrs Dodds: In relation to part B of the scheme, a couple of weeks ago, I asked Invest NI to go back out and cite individual examples so that we could help people to understand more clearly the target group for this scheme. We will be happy to look at that as well.

Mr Brennan: Paul might have the specific date.

Mrs Dodds: Paul, do you have a specific date for the closure? I am sorry. My ability to hear people seems to have broken down.

The Chairperson (Dr Archibald): It is due to close this evening. Is there any potential for looking at extending that deadline?

Mrs Dodds: There certainly is potential to extend it. We can have a conversation about that. We probably need to look at what further Executive decisions there are in the near future.

The Chairperson (Dr Archibald): Thanks for that. Minister, I know that you are due to leave us shortly. However, if you have a few minutes, two members are looking to come back in.

Mrs Dodds: Yes, that is fine. All of a sudden, the connection is very poor.

The Committee Clerk: There was a momentary blip, Chair. Hopefully, it has corrected itself.

The Chairperson (Dr Archibald): We hope that it has been corrected.

Mr O'Dowd: I have a quick question, Minister. As you will be aware, yesterday, the Education Minister announced the changes that he is making to A levels and AS levels in response to the COVID pandemic and the disruption to learning. One of my colleagues asked him about BTEC examinations, and he said that they fall under your responsibility. Have you any plans to make changes to BTEC courses in response to the disruption to learning?

Mrs Dodds: John, many of the BTEC courses are run through English exam boards. We will continue to engage with them to understand what they are doing and then disseminate that information through the colleges. I think that you know that we have gone to considerable lengths to adapt teaching and to try to ensure that those young people who need to be on-site to follow practical courses can be. We will continue with that. I must say that it has been an extremely difficult and challenging year for the young people anticipating taking exams in the near future. We need to continue to engage with the boards to assess where they are with this.

Mr O'Dowd: Thank you.

Mrs Dodds: Most are not Northern Ireland-specific qualifications.

Mr Brennan: The CCEA is working with the Welsh board, for example, to find out what degree of consistency we could have.

Mrs Dodds: We also need to get, as Mike said, the greatest degree of consistency so that young people's qualifications are consistent across the piece.

The Chairperson (Dr Archibald): Finally, we have a question from Sinead.

Ms McLaughlin: On 2 December, Richard Ramsey briefed the Committee on the proposed voucher scheme and its potential economic impact, which, he said, would very much depend on the objective of the scheme. At that time, at the design stage, the scheme was very much about giving the high street a lift, particularly businesses that have seen a downfall or had their business crash during the lockdown. Minister, have you given any further consideration to the scheme's objective and its eligibility criteria? Have you worked out who will get the vouchers and when? I am concerned that the vouchers need to be spent by March. Will there be a run to get money spent out in the community, perhaps bringing about a spike similar to the one created by the Eat Out to Help Out scheme? It really is about trying to balance the value of the scheme to those whom it is intended to support. What are your thoughts about the design concept of the scheme? Have you worked out what your true objective is in giving that money to the public?

Mrs Dodds: There is a range of complexities with the scheme, Sinead. You will understand that, with a new, innovative scheme, we are working on it almost daily. Department staff have been tasked solely with putting that scheme together. I reassure you and people in general that we will, of course, take health advice into account. We do not live to ourselves in the Department for the Economy. We

will, of course, take health advice on the roll-out of the scheme and see where things are as we progress towards that stage.

The policy intent of the scheme is absolutely clear: it is to support retail and the high street. I use the term "high street" as loosely as possible. The other objective is that the money will be spent to support local businesses in local towns across Northern Ireland. It will not be available for online shopping. That is the clear policy intent of the scheme. That has not changed, and I have not changed my mind on that.

Look at what retail has been through. It has been an incredibly difficult period for retail not just in Northern Ireland but across the British Isles and, indeed, across Europe. It has also been incredibly difficult for hospitality. I will support the high street, in the loosest sense of that term, but the voucher will not be available for online shopping. We are working through the complexities of the scheme and will make announcements in due course.

Ms McLaughlin: May I come back on something that you said earlier, Chair, in relation to part B of the support scheme? The problem with the take-up, Minister, is the eligibility — the criteria themselves. If we were to run it for another week or so, it would not help the up-take, because the criteria are so narrow. It was a mistake leaving out taxi drivers. We were led to believe that that sector would not be excluded. If the scheme were to be opened up again, or if you were to seek to extend it, it would be advisable to look at the eligibility so that those in the supply chain affected by the downturn, even though they were not mandated to close, would also be able to apply for support. That has been the problem with the scheme. In Derry city, only 31 business applied to that scheme, which tells you all that you need to know about the eligibility criteria. They were just not wide enough.

The Chairperson (Dr Archibald): Minister, thanks very much, and thanks to Mike and Paul. You have painted a challenging picture of the budget going into next year and, in particular, what will replace EU funding. Many of us never expected the British Government to live up to the commitment to replace EU funding like for like. We are looking at a challenging picture, and I am sure that you, along with the Finance Minister and Executive colleagues, will make the case to the British Government for additional funding. Certainly, we will support that. Thank you for being with us this morning.