

Northern Ireland Affairs Committee

Oral evidence: Investment in Northern Ireland, HC 85

Wednesday 25 May 2022

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[Watch the meeting](#)

Members present: Simon Hoare (Chair); Scott Benton; Mr Gregory Campbell; Stephen Farry; Sir Robert Goodwill; Claire Hanna; Fay Jones; Ian Paisley.

Questions 237 - 280

Witnesses

[I:](#) Paul Mac Flynn, Co-Director, Nevin Economic Research Institute; Nichola Hughes, Director, Sustainable NI; Alexandra Brennan, Co-ordinator, Northern Ireland Women's Budget Group.

Written evidence from witnesses:

- Alexandra Brennan, Co-ordinator, Northern Ireland Women's Budget Group
[INI0029](#)



Examination of Witnesses

Witnesses: Paul Mac Flynn, Nichola Hughes and Alexandra Brennan.

Q237 **Chair:** Good morning, colleagues, and good morning to our witnesses, Alexandra Brennan, Nichola Hughes and Paul Mac Flynn. You are very welcome, and thank you for finding the time to join us this morning on a further session in this Committee's inquiry on investment in Northern Ireland.

I ask all three of you, in a couple of sentences, to give us the headline bullet points with regard to your organisations, what you do, your remit, and so on.

Alexandra Brennan: Thank you for the opportunity to give evidence, Chair. My name is Alexandra Brennan and I am the co-ordinator of the Northern Ireland Women's Budget Group. We are made up of organisations and individuals from the women's sector, the trade union movement, academia and wider civil society in Northern Ireland.

Our aim is to implement a gender-equal economy, and to do this we scrutinise policy and budgetary matters with a gendered lens to bring attention to the ways in which spend affects women and men differently. We also aim to provide decision-makers with policy analysis to secure substantive equality for women and men through the assessment of gender impact.

Chair: If all of our answers are as clear and pithy as that, we will have a very good session indeed.

Paul Mac Flynn: I am the co-director of the Nevin Economic Research Institute. We are a think tank funded by the trade union movement on the island of Ireland. I lead for our analysis on the Northern Ireland economy. In general, we provide research on the labour market, the macroeconomy and policy issues more generally.

Nichola Hughes: Thank you for the invite to be here today. I am the director of Sustainable NI. It is a charitable organisation that seeks to promote and enable sustainable development in Northern Ireland. At a practical level, this involves providing support, advice and expertise to help organisations become more sustainable. We work primarily with Government bodies and businesses. We also provide advocacy work. We provide the secretariat for the all-party group on climate action at Stormont.

Q238 **Chair:** Thank you very much. Let us start with a big-picture question: what is your overall assessment of how the economy of Northern Ireland is performing? Are there any particular stand-out sectors that you would like to draw our attention to or nascent sectors that you think are ones to watch? How would you assess the support and assistance given by the UK Government to allow Northern Ireland to be a world leader?



Nichola Hughes: I will start with the general statement that I do not believe the economy is sustainable in its current form, but that will come as no surprise. Generally, our economies are not sustainable and viable in the long term, in that they are built on a brown economy, a fossil fuel-based economy. Northern Ireland has a big hill to climb. We are the furthest behind at reducing our carbon emissions in the whole of the UK. We have one of the most carbon-intensive economies in the world. We are in the top 10 in the world on that. We have built a big hill to climb.

On our performance in general, it depends on what lens you look through. I can speak to performance on the green economy. At the end of 2021, Lloyds Bank published a green growth index for the UK. Northern Ireland scored second to last on green growth opportunities, how ready we are for the net zero transition and how vulnerable the economy is to the disruption caused by the net zero transition. That is the state of play in terms of the green economy, but at the same time we are—

Q239 **Chair:** Can we just pause there? Do you ascribe that to a lack of direction from Westminster, local political indifference, or industry and manufacturing kickback? It could be all three, I suppose.

Nichola Hughes: It is a variety, but ultimately it comes down to policy. The reason behind it is that we are furthest behind in our policy-making and policy directions. We have not had that level of assurance; we have not had the net zero climate Bill, which the rest of the UK has had. Only this year we—

Q240 **Chair:** That is the fact of it. What do you ascribe that to? What is the reason for that?

Nichola Hughes: It is due to a lack of market assurance for investment in green industries, skills, capacity and growth generally.

Paul Mac Flynn: To my mind, the biggest thing that I would pull up on the Northern Ireland economy is productivity, and particularly its performance over the last decade, which has remained painfully static. I know this Committee has heard a lot about the recent economic strategy, the 10X strategy. I have been in this job long enough to have seen my fair share of economic strategies for Northern Ireland. The graphics and pictures might change, but the story really does not.

The big thing that is lacking is a very honest analysis of what has gone wrong with the Northern Ireland economy over the last 10 years. There seems to be no effort to feed that kind of analysis into guiding the way forward.

Q241 **Chair:** What is your analysis?

Paul Mac Flynn: The main issues are skills, a lack of private sector investment and SMEs not growing to the level that would be expected of them. You can then add into that the depressed public investment over



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the last 10 years. Public investment cannot be everything, and we know that, but given that it was such a prominent part of Northern Ireland's economy, the withdrawal of that slowly over those early years certainly took a lot of pace out of the economy.

You asked whether there were particular sectors. There are always sectors highlighted in economic strategy documents. They change very subtly over the years and they are refined here and there, but we never get a proper and good analysis as to why we picked those sectors. Why do we not look at what the weaknesses are in the Northern Ireland economy? Why does that not feed into the strategy documents? They are very good at pointing out the type of Northern Ireland economy we would like. They are not so good at describing the Northern Ireland economy we have at present and joining the dots in between.

Q242 **Chair:** Can you give us a thought or two on the rather alarming and worrying statistic of the amount of people in Northern Ireland who are described as economically inactive? We have heard figures ranging from 24% to 27%. It is somewhere in that ballpark.

Paul Mac Flynn: The gap between the rate at GB level and Northern Ireland gets to a high of around seven percentage points. It is a structural problem, because, as you can see, economic inactivity at the UK level has been trending downwards. You have to take out the last few quarters when everything went a bit haywire, but it has been trending downwards over the last number of years. Northern Ireland's rate has been trending downwards at roughly the same pace, but the gap is persistent. It is not getting any smaller.

We have statistics that will give you three reasons as to why people are economically inactive: being a student; caring for family; and sickness. Those cannot ever accurately capture the reason for this exit or non-entry into the labour market. It has to be that, because if it were just a historical thing, we would see the gap with the rest of the UK begin to narrow, but it is persistent.

Q243 **Chair:** Those three things are not exclusive to Northern Ireland, are they?

Paul Mac Flynn: No. When we look at the labour force survey to try to figure out why people are not in the labour market, those are the three reasons that get thrown up. It would be good to work on getting longitudinal data so you could track people to see how many remain constantly economically inactive and how many drop in and out of the labour market. Without that, we are left to suffer anecdote-itis, where somebody knows somebody who has not worked in years.

Q244 **Chair:** HMRC would be the source of that, would it not?

Paul Mac Flynn: Sorry, what do you mean?

Chair: You are either paying income tax or you are not.



Paul Mac Flynn: No, I mean people who describe people who have not been at work in years and theorise as to the many reasons why they would not.

Alexandra Brennan: Going back to what Nichola said, it depends on what lens you look through. When you look at the economy through a gendered lens, women and other protected groups do fall through the cracks. It is not necessarily a healthy economy. A perfect example of this is when you look at the care sector or paid and unpaid care in general. It does suffer from a lack of investment. It should be central to any general investment plan, but the recent strategies to deal with investment and skills attainment in Northern Ireland do not reflect this underinvestment. Actually, they do reflect it, because there is little mention of care, childcare or adult social care at all.

Specifically, the “10X Economy” report mentions care only when talking about how a company donates a bag to a child in care for every bag bought. The skills strategy mentions care only in the context of providing childcare subsidies for workers. That is important, but there is no mention or valuing of the care sector as a viable option. Even when we are looking at something like sustainable investment, it is a low-carbon sector. The 2015 report from Carers UK and the University of Sheffield found that just in Northern Ireland alone—not even throughout the rest of the UK—unpaid carers saved the Government £4.6 billion. This is the cost of a second NHS. The value of care and the care sector to the economy is immense.

Women also work disproportionately in care. In the childcare sector specifically, 96% of the staff are women; 40% of them are under the age of 30; and 13% earn less than £5 per hour. Even for unpaid carers, the lack of investment contributes to many women’s inability to access statutory sick pay or proper employment contracts. Not only would investment in care alleviate these pressures and burdens on women and unpaid carers, or help the precarious nature of the care sector, but it would benefit the economy. The UK Women’s Budget Group found that a 2% investment of UK GDP in the care sector would create 1.5 million jobs. This is twice the amount as the same investment in the construction sector. It would also produce millions in tax revenue.

I echo what Paul said as well. When you are looking at these reports and strategies, the graphics might change, but it is still the same message. That could apply when you are looking at it with a gendered lens or through the lens of sustainability. They are all connected, but we do need to do things differently. Clearly, what these past reports have been reproducing in report after report is not working, in a broader sense.

Q245 **Fay Jones:** Mine is a very detailed question, if I may, Ms Brennan. You mentioned that there workers earning less than £5 an hour. Are you referring to 17-year-olds on minimum wage?



Alexandra Brennan: Considering the number of care workers under the age of 30, yes, probably. That does not negate the fact that the care sector is one of the lowest-paid sectors, especially in Northern Ireland at least. I cannot speak on behalf of the rest of the UK, but it is a low-paid, precarious and unstable sector.

Q246 **Chair:** I want to turn to the issue of engagement, but let me ask you this question—Mr Mac Flynn, if you will excuse me, this is probably a question to Ms Brennan and Ms Hughes. Correct my impression if you think this is wrong, but, in the time I have been doing this job and engaging with people and organisations across Northern Ireland, I always come away with the impression from female witnesses that they never quite feel they have enough space at the table, as it were, to have input into debate and the evolution of policy. It is a rather male-dominated thing. Very often, when women are given their voice, the voice of common sense rings out like a wonderful piece of music.

Is that your take on the engagement front? Who comes and picks your brains, and asks for your advice or guidance, and so on? Are you chucking information and thoughts into a cavern?

Nichola Hughes: Once you are in the position—for example, becoming a director of a charity—it is a fairly level playing field. It is not that women are discriminated against when they get to that point. It is getting to that point; it is climbing the ladder and securing senior roles in organisations. There are inherent challenges for women around being the primary caregiver in the home and around childcare costs.

A lot of women find it hard to get into those more senior positions and to get seats on boards purely because of the logistics involved. Women tend to avoid going into it, although that is changing. From a personal point of view, once you are there, my feeling is that your voice is equal.

Chair: That is encouraging; thank you for that. You have encouraged me. That is good news.

Alexandra Brennan: Yes, I would agree with Nichola. As well as my work with the Women's Budget Group, I represent the Women's Budget Group and the Women's Policy Group, with which I know you have engaged in the past. Especially with issues that are not considered social issues or issues specific to women—this is me speaking as someone working in the women's sector, not necessarily about Nichola's role with Sustainable NI—you might find a bit of pushback: "That is not necessarily a women's issue because it does not explicitly have an obvious gender connection". Women live in Northern Ireland and participate in the economy, and therefore it is a women's issue. In that sense, it can sometimes be hard to get that seat at the table.

There is not necessarily meaningful engagement. Specifically in the Northern Ireland Assembly in the past, many consultations were put out. I know for the women's sector it was never-ending. For proper and



meaningful engagement, there is an eight to 12-week consultation period. It turned into, "We have two weeks to consult. We need women's voices because we are required to have women's voices", as opposed to wanting to get this feedback, to have roundtables and to incorporate that into the consultation process and, ultimately, the final product.

Q247 **Chair:** Mr Mac Flynn, how does your organisation engage with Stormont and Westminster? How do they engage with you? Do you beat a path to their door or do they have you on speed dial?

Paul Mac Flynn: It is patchy to say the least. We produce research. It is very much that people come to us if they want advice, they want to interrogate a piece of research we have done, or they feel it will inform the development of a policy or something like that at a committee. We make no lobbying attempts. We do not have that kind of experience of engagement.

Q248 **Mr Campbell:** Welcome to our witnesses. This question is to Mr Mac Flynn. The range of Government projects or schemes for investment, like city deals, the levelling-up fund and the shared prosperity fund, have different levels of roll-out, but what is your assessment of how good they have been for Northern Ireland? More importantly, how could they be improved?

Paul Mac Flynn: To start off, the levelling-up fund is probably the one with the greatest potential. The best thing to come out of it so far was the report, because it really was a deep dive into many of the structural issues with regional economies. It showed that Northern Ireland suffers from many similar issues to other regions of the UK.

I am less enamoured with the way the levelling-up fund is going to be administered. When you think about it, in an English context you could understand the levelling-up fund, because there is an absence of any regional or devolved Government with teeth within the English regions. You have this mish-mash of local government and metro mayors. There is maybe a role for central Government to step in there, because that is their patch, as it were.

It strikes me that the same argument really cannot be made for Northern Ireland. There is, or hopefully there will be, a Northern Ireland Executive, with competence over most of the policy areas that require this investment action. I know the structure is to invite bids to the levelling-up fund, but it strikes me that it would be a much more sensible arrangement to put a separate process in place for regions where there is a devolved Assembly and Executive that can manage that.

The city deals are good. It is contingent on the investment projects and matching funding over a longer period of time. It is harder to bed down what the impact of that is going to be. In the Greater Belfast city deal, the initial investments with Queen's look promising.



On the shared prosperity fund, we still know too little about exactly how that is going to pan out. A lot of the attention has been focused on whether it is going to match, like for like, the European money it is replacing. There was a UK Government commitment that it would do that, but it is certainly not set in stone. I would have thought there was greater capacity within the shared prosperity fund to look again at how money was disbursed within the UK rather than seemingly tagging along with the pre-existing European arrangement for the disbursement of funds.

I do not know whether that will change in the future as the fund develops, but certainly at the moment it looks like it will be like for like. It seems like a bit of a missed opportunity to me.

Q249 Mr Campbell: On the levelling-up fund, you talked about the obvious disparity or difference in terms of GB and NI. For Northern Ireland, would you see any incoming Executive, at whatever point, identifying particular projects? Would you prefer to see that merging with bids being made? How do you end up coming out at the other end with projects?

Paul Mac Flynn: I would look at Northern Ireland's existing public investment programme. There is no end of projects there that would contribute very much to what has been identified in the levelling-up report in terms of the type of structural issues that need to be resolved.

There is maybe scope for a partnership model between the UK Government, the Northern Ireland Executive and local government. There could even be a direct partnership between local government and the UK Government. There is quite a large possibility of crossed wires in terms of policy developments, particularly on infrastructure projects. It would seem to me that, in an ideal world, the Northern Ireland Executive would work with DLUHC to identify the projects it feels should be funded in Northern Ireland. If DLUHC feels that that fulfils the obligation it has to Northern Ireland in its remit, that would seem to me to be the most sensible way to settle it.

Q250 Stephen Farry: I have a very quick supplementary on Gregory's question. This is perhaps to both Paul and Alexandra. Paul, you talked at the start about the problem of economic inactivity. Alexandra, you have talked about the gender issues in terms of the economy. In light of the uncertainty around the shared prosperity fund and given that the European social fund did support a lot of economic inactivity projects in the absence of more central mainstream funding from Government—it is the same, Alexandra, for a lot of women's groups in terms of their ability to invest in skills and to keep bringing people back into the labour market—do you have real concern that there will be gaps, if the scope of the shared prosperity fund changes from the historical pattern of European funding?

Q251 Paul Mac Flynn: I was talking earlier about whether the shared prosperity fund would line up in the end with what has been lost in



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European funding. The greater danger is that gap in between. I cannot remember the name of it, but there is an in-between fund.

Stephen Farry: Is it the community renewal fund?

Paul Mac Flynn: Yes. I do not know whether that could be bolstered or reappraised in the light of the fact that there is a gap, particularly for service providers, where it would mean people losing jobs who were helping people get jobs. That would be the best route.

Q252 **Stephen Farry:** In the community and voluntary sector, it is a very precarious existence from one funding round to another. There are a lot of cliff edges.

Paul Mac Flynn: It is not the greatest way to fund that type of service. It would be better done from the mainstream. While we should provide a bridge between the two, it does call for us to ask whether what is a very important service—it is a significant long-standing issue for Northern Ireland's economy—should be on this precarious footing. It is questionable.

Q253 **Stephen Farry:** What is the women's sector perspective, Alexandra?

Alexandra Brennan: There is a concerning lack of clarity and transparency around how these funds—specifically the shared prosperity fund, but also the levelling-up fund and the community renewal fund—will be allocated and will replace the EU funding streams.

In Scotland and Wales, it is being administered by councils, but in Northern Ireland it is being administered by the Department for Levelling Up, Housing and Communities. It is not a Department that is designated for the purpose of section 75, which would be a concern for us and other equality representative groups.

Specifically on the shared prosperity fund, we welcome the commitment, at a minimum, to match the funding provided by the EU in each nation. There is not much information on how that would be calculated or allocated. Again, transparency is key. Like Paul said, if it does not match the funding, the organisations that do not have enough will have to find another way to fund their services or their workers. Many of the community and voluntary sector workers are women. Crucial good relations and equality opportunities will be lost then.

Specifically on the levelling-up fund, a concern of ours would be that it is 2.9% of the funding received by Northern Ireland. The calculation is based on the population share as opposed to the relative need due to greater economic disadvantage here. That is how the EU funding was determined. Talking to groups that have used ESF funding in the past to fund the core of their work, their programmes, specific roles in their women's centres or their organisations, they have said that they have no understanding of how this process will go forward, how it will be implemented or how much money they will get.



There is a real lack of transparency, communication and engagement with those on-the-ground stakeholders. We are concerned that it will then impact on equality and good relations work here, as well as the women's sector.

Q254 **Sir Robert Goodwill:** I would like to take Mr Mac Flynn a bit further on the points he was making to Gregory Campbell. I have experience of many of these types of schemes being delivered on the ground in my constituency. We seem to have a lot of bodies—for example, local enterprise partnerships—that are very business-heavy. In my experience, the successful ones are local government-light. We also have the town deal boards, which include the Member of Parliament, people from business and other groups in civil society.

I am trying to get in my mind whether it works better for bids to be made directly to central Government than to have a system where the Northern Ireland Executive is in the middle. I hope the answer is not yes, but does the devolution settlement create a bottleneck, in that these funds and projects have to go through the devolved process before they can be delivered?

Paul Mac Flynn: I can understand the experience within an English context. You are talking there about local government. It is different. You can see it as a model where a centralised UK Government Department is making direct investments into local economies based on its own consultation with, as you say, local businesses and other groups and representatives.

The difficulty is that, within the Northern Ireland context, in terms of the policies that are devolved and within the competence of the Executive, there is a natural tension. Overall, yes, you could say that the UK Government do have an interest in economic development and particular investments within Northern Ireland, but they have ceded the decision-making on that to the Northern Ireland Executive. To override that seems to me to be not unhelpful but unnecessary. There is no shortage of projects that could be funded to increase Northern Ireland's productivity or increase its labour market participation rate.

It is not that nobody in the Northern Ireland Executive has thought to effect any of these changes; it is just that the budgets have been constrained. The UK Government are now saying, "We recognise that. We recognise that is a pull on the national economy, and we want to make an effort to amend that." It is about recognising the context of the policy decision making in each of the regions. It is not saying, "Butt out". It is saying, "Possibly walk this one a bit more carefully".

Q255 **Sir Robert Goodwill:** I wonder if Ms Hughes or Ms Brennan would have an observation on whether, because a lot of these decisions are being made by politicians, there is even a degree of pork barrel politics, which sometimes is no bad thing. Are interest groups, green groups and women's groups being fully included within that process?



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Nichola Hughes: It is not about the representation of voices in the allocation of funds; it is about how grants are distributed. It should be done on a needs basis. Northern Ireland is a very small place. We have the equivalent population of the city of Leeds.

Typically, regional delivery works better for some projects. It is just more efficient and a better way of doing things. A good example of this is the initial roll-out of electric vehicle charging points. That was done as a regional project that was funded a number of years ago. It was done regionally. Now there is ORCS funding. It is expected that local authorities will apply individually. Out of the £20 million each year, we continue not to draw down any of that funding.

The Government need to do a gap analysis or a needs assessment to make sure the money is spent on the things that are needed. For the green economy, Northern Ireland is arguably further behind. In a way, all grants should have the condition that they support a green and fair economy. That should be a core requirement embedded in all money going out so that all projects are supporting that agenda.

Grants should be used where private capital cannot be found, where the business case does not stack up. Things like the retrofit project, active travel and public transport infrastructure are best done at a regional level. Local authorities have said to us that they are frustrated that they always have to start on a first-principles basis with projects. There should be more co-ordination and regional delivery models that can be tweaked for local delivery.

Generally, there should be more support for working together on joint bids and things like that, and more creative use of grant funding, so that projects do not have this piecemeal or stop-start nature. Grant funding could be paired with private finance to ensure that it leads to some sort of legacy and ongoing investment, rather than being a single project that ends. Joining it up with private investment could make it go further and create scale.

Alexandra Brennan: I completely support what Nichola was saying: there needs to be a needs assessment to work on those gaps. It is also important to have engagement with stakeholders, especially ones in civil society and equality groups. That engagement is key, but we would advocate for that assessment of gender, sustainability and other protected groups to be constantly included in the development, implementation and monitoring processes in investments at every single level.

In our written response, we advocate the use of gender budgeting tools when looking at any sort of future investment in Northern Ireland. We advocate that as well with budget making and policy making. Generally, gender budgeting is a set of tools that should be used at any stage of development, implementation and monitoring. It helps identify systemic disadvantages and enables decision-makers to consider how spend



affects women and men differently and use spending and revenue-raising decisions to bring about gender equality.

Women are not a homogenous group, so their intersecting identities would also be included in this analysis. Decision makers are expected to promote these areas of equality in any potential investment. This is not about creating separate budgets or separate investment opportunities for women, only looking at parts of the budget that have a social content or that are gender related, or even demanding more spending or more investment. It is about reprioritising and refocusing investment to ensure the available resources have maximum impact in promoting equality.

Q256 Sir Robert Goodwill: Finally, I have a couple of points for Mr Mac Flynn again. First, in terms of levelling up, one could argue that Northern Ireland needs much more levelling up than some other parts of the country. Are they ahead of the curve in delivering on that? Secondly, in terms of working together and collaboration between central Government and the Executive in Stormont, is that working well? Is Stormont sometimes trying to reinvent the wheel? There are already models elsewhere that could be quickly emulated.

Paul Mac Flynn: To take the first issue, the levelling-up document was almost cathartic. I have been harping on about this set of issues in the Northern Ireland economy for quite some time. The UK Government have not only recognised it there, but recognised that it is now a feature of the UK economy and a broader responsibility.

For many years, it was said, "Northern Ireland's economic performance is poor. That is just Northern Ireland. It will never amount to much. Just keep it going." The best thing about levelling up is that it recognises that, yes, there are Northern Ireland-specific issues, but this is a problem about regional development in the UK overall and there is a UK Government responsibility to step in, in the appropriate way, and mend that problem.

In terms of the co-ordination between the different levels of Government, from my own experience, I have noticed a more assertive role in terms of consultation from the Northern Ireland Office in the last year or two. There was nothing before. I understand that DLUHC is opening or has opened its base in Northern Ireland. That is more to the good, but once again there is a danger of duplicating what is already in existence in Northern Ireland based on what is not in existence in English regions or other parts of the UK.

I could not comment on the level of co-ordination between one Department and another; I can only speak in gossip terms.

Q257 Fay Jones: We were just talking about this; hopefully this follows on neatly. You mentioned, Mr Mac Flynn, that there has been greater engagement from the Northern Ireland Office. How do you see the impact of the some of the investment schemes that the UK Government have



proposed in the light of the Executive not operating?

Paul Mac Flynn: I have experienced trying to interact with Government in Northern Ireland when there is no Executive. It is akin to banging your head against a wall. Civil servants can be rigid at the best of times, but I am not sure there are words to describe what the interaction is like when there is no Executive. They are constrained completely in what they can do.

There was no stepping-in role from the UK Government during the last period when there was no Executive. You would have budgets rushed out at 7 o'clock in the evening coming up to a deadline. Maybe there is some role at the higher level in keeping the engagement with local groups going, but, once again, it is stepping on toes, particularly if this is only going to be, hopefully, a short absence of the Executive.

Q258 **Fay Jones:** Do you feel as though it does not affect the global impact of investment decisions? Is this a temporary blip that can be managed?

Paul Mac Flynn: Do you mean in terms of inward investment?

Fay Jones: Yes.

Paul Mac Flynn: In terms of FDI, yes, there is definitely a role. Ministers are still in place, as it is. They will continue in that. Hopefully, this does not go on that long, but maybe there will be a role for the UK Government in guaranteeing financial or budgetary decisions going forward.

It was not a particularly good look, last time, to have budgets coming out at the last minute because we were running up to a deadline. If there was one area where the UK Government could certainly step in, it would be to have a much more consultative role when making budget decisions for Northern Ireland.

Q259 **Claire Hanna:** Thank you to the witnesses. It has been very interesting. I want to look at sustainability briefly. The necessity and opportunity to transition to a more sustainable, lower-carbon and more resource-efficient economy is very compelling. We hope the investment streams we are looking at can help to catalyse that. Nichola, I might start with you. What makes Northern Ireland an attractive place for green investment? What are the potential gains for the economy?

Nichola Hughes: We need to do it because it makes our economy more productive. By becoming more circular and lower-carbon we are increasing our resilience against international shocks like the energy crisis we are seeing at the moment. This therefore makes the economy more viable in the long term and improves the quality of life for our citizens, which ultimately is the higher purpose of the economy.

Sometimes we forget that. We have become obsessed with economic growth, but it is a means to an end; it is not the end goal in itself. There



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are multifaceted advantages. That is why we want it to become a mainstream agenda in all economic activity, not just a sideshow or an add-on.

The advantages are clear. What makes us an attractive place to invest? We have about 5,000 green jobs, which is around the UK average. That is a relatively good starting point in terms of the skills base. We get 50% of our electricity from renewable sources. We have an extremely high capacity or opportunity for more offshore wind, for example. We could very quickly have a very green grid, like Scotland is doing at the moment. That therefore reduces the cost of electricity, increases resilience and is beneficial.

We have very good graduates. We have world-leading universities. We have expertise in low-carbon technology. Our specialisms include low-carbon transport, green hydrogen and low-carbon heat. These are all big advantages. If you look at manufacturing, we have a high dependency on manufacturing and heavy industry in Northern Ireland. That is a challenge in terms of transitioning to the green economy, but it is also an opportunity for the Northern Ireland economy generally. We can start manufacturing the technical solutions to the challenges of climate change. If we can grasp that opportunity, there will be lots of advantages.

It is also generally a good place for investment, because we have highly skilled graduates and a fairly low cost of living in general. Our economic advantages include the fact that we are a part of the EU single market and the UK market. Those are some of the general advantages that we have in attracting inward investment to Northern Ireland.

Q260 Claire Hanna: Thank you very much. That was very concise. I am going to come back and ask you how we can better direct UK Government investment. You mentioned hydrogen. We have heard a lot about it in this inquiry. How viable is it for Northern Ireland and for the economy?

Nichola Hughes: Funnily enough, I was speaking to the chair of the UK Climate Change Committee last week about hydrogen. We need to be careful not to sell it as a bit of a unicorn. It is very exciting, in that it can be used for niche applications such as heavy industry and heavy goods vehicles. It is a really good way to decarbonise our fleets, our buses and things like that. It might also be very good in industrial applications where other technologies just are not viable.

We need to be very careful, because the gas industry is selling it as a potential low-carbon fuel for the future to heat our homes. It is not there yet, and it is being used by the industry to greenwash its way out of the fact that there has been so much investment in the gas networks and to provide a green exit strategy.

Yes, it is very exciting. Northern Ireland can potentially do very well, because we are ahead of the pack in terms of innovation in this area. The



Hydrogen Training Academy is under way. We have Wrightbus producing buses in Ballymena. There are two hydrogen storage plants under way in the province. There is definitely lots of opportunity, but we need to be careful that we do not, for example, go down the road of blue hydrogen, which is produced from gas. We need to be very careful that it is genuinely green.

Q261 **Claire Hanna:** That is very helpful. How should UK Government investment, then, be directed to support the sustainable economy that you have described very well there? This builds on the Chair's question about the extent to which you are involved in the conversation, but is there enough support for organisations like yours to try to advise and shape this direction?

Nichola Hughes: On the first question about how it could be directed, I mentioned the needs assessment and regional delivery for certain projects. Generally, we need to stop separating the green economy from the rest. I looked at the £48 million that Northern Ireland got from the first phase of levelling up. About £12 million of that was for green projects. That is a one-in-four investment, which is not bad, but I was looking at some of the business accelerator projects and the support for small businesses. There could be green economy issues built into all of the packages going out to support the economy generally. I do not see why it has to be separate.

There should be green elements built into all of the investment, because that is the future. We have to do that. Fundamentally, a fair and green economy should be a guiding principle for all economic investment in Northern Ireland.

In terms of support for organisations, there is an inherent inequality in how funds are disseminated. Small organisations are crowded out by the fact that it is a competitive grant bidding process. That will not come as news to you—I am sure you are aware of it—but large organisations, which already have a decent amount of funding, generally tend to be more successful in these bidding rounds, because they have good bid writers. We need to be cognisant of that.

It seems to me that there is a gap in the market in Northern Ireland. There is not much support for SMEs. Given that small and medium-sized enterprises make up the majority of our economy, there is not a lot of support available to help them with resource efficiency and how to transition to lower-carbon models. Invest NI provides support for businesses, but there is a caveat to the support it provides in this area. You have to have a resource spend of over £30,000 per annum. A lot of your high street shops, garages and things will not be on that scale. There is a bit of a gap.

Sustainability solutions are quite simple, when it boils down, but organisations need advice and support. There are lots of organisations that would love to help, like us, but there is no revenue funding to



provide that practical assistance, advice and guidance. That is a bit of a gap that needs to be filled.

Q262 **Claire Hanna:** Paul, on the same issue, do you have anything to add in terms of the potential opportunities for the economy in Northern Ireland? How should Government investment be shaped for that?

Paul Mac Flynn: There are plenty of possibilities. Agriculture is a huge issue for Northern Ireland, more so than for many other regions. I know there are partnerships with Queen's University about developing projects to reduce methane emissions from livestock. As far as I am concerned, there is no limit to the amount of money that should be put into that. It is going to deal with not only a huge portion of Northern Ireland's emissions, but a large area of employment, not only in agriculture but in the agri-food business that feeds off it.

In terms of funding and funding for investments, Invest NI was mentioned there. To my mind, that should be what the future of Invest NI is. Invest NI has been coasting along for a number of years. The phrase "low hanging fruit" is thrown about an awful lot, but, while the Executive can set out areas and sectors that they want to see investment in, Invest NI seems to be at the whim of whatever it can garner in. There should be a more assertive role for Invest Northern Ireland, aligned with an appraisal of Northern Ireland's economy, its weaknesses and where it wants to see investment going forward.

Invest NI should be a proactive rather than reactive agency. It should seek to channel investment into projects that align more with the Executive's economic plan. That would mainline the sustainability issues that have been headlined.

Q263 **Claire Hanna:** Alexandra, you spoke about the care sector as potentially a green sector. That was really encouraging. We are conditioned to think of it as being men in high-vis with big bits of steel. That is a useful way to look at it. Is there an intersectionality and an overlap between the development of a green economy and of a more gender equitable economy?

Alexandra Brennan: Yes, absolutely. The UK has signed up to the UN's 2030 agenda for sustainable development. At the heart of this agenda are the 17 sustainable development goals, one of them being gender equality. It is SDG 5 specifically. The UN SDGs work on the basis that reducing inequalities goes hand in hand with achieving climate justice.

The prevalence of gender inequality in our society leaves women more vulnerable to the impacts of climate change. They are more typically underpaid, less likely to be in work and more likely to rely on public benefits. Investing in sustainability and including a just transition in our move towards a greener economy would transform our economy to a low-carbon one and be an opportunity to invest in gender equality reforms.



A just transition would ensure that those who contribute to the economy in any way, in both paid and unpaid work, are not impacted as we collectively move towards a lower-carbon economy. The inclusion of that could mitigate the human and economic costs of such a drastic change. It could also generate employment in the existing low-carbon sectors, like care, and create jobs in new and emerging low-carbon sectors. This is an opportunity to reduce gender inequality in STEM. It is well known at this point that there are severe gender imbalances in STEM.

The SDGs will not be secured without gender equality or without including that assessment of gender analysis in every aspect of policy, budgeting and investment. That is generally how they would be connected.

Q264 **Claire Hanna:** I know another colleague is going to pick up on skills and the gender dimension to that. You have mentioned budgeting, and I want to ask you about gender budgeting and the potential benefits regarding investment. Do you feel that UK Government investment schemes are adequately addressing gender inequalities?

Alexandra Brennan: On the benefits of gender budgeting, it would promote good budgeting because it encourages greater transparency and more in-depth analyses of how investment affects constituents. It would also strengthen co-operation between decision makers and stakeholders, because it would require greater engagement or collaboration with equality groups, women's groups and whatnot. It would encourage a more targeted approach to the allocation of investment, and the efficient direction of investment would then improve policy outcomes.

It would also help to facilitate sustained peace, because there is a strong connection between gender equality and sustained peace. It has been said that gender equality is a better indicator of peace than GDP. The Equality Commission has written extensively on how gender budgeting can be incorporated into pre-existing equality structures like section 75 and EQIAs. It would also help with the equality reporting duties.

In regard to UK funding streams helping to achieve gender equality, as I stated previously, the EU funding streams mainly funded the women's sector and wider community and voluntary sector in the past. I do not know if I can say much on current UK funding streams, as a lot of it came from the ESF and whatnot, but they do have potential, if they prioritise securing substantive gender equality when developing, implementing and monitoring these streams.

Again, having engagement with stakeholders and those receiving the funding at the heart of the process is crucial. I could not really speak on the UK funding streams, as the EU really did fund most of the sector, but securing equality needs to be at the heart of it.

Q265 **Claire Hanna:** Nichola, is there anything you want to add about sectors that are maybe particularly affected or where there is a potential for correction?



Nichola Hughes: As a general comment, these are not competing priorities. The sustainability lens includes a strong thrust towards economic equity, but it also includes gender equality and improving inclusiveness in the economy generally. These are complementary agendas. We often vie for attention and things like that.

It is worth saying that there is section 25. It does not get the same prominence, but it is a statutory duty for all public sector bodies in Northern Ireland to promote sustainable development. There is no reporting requirement and there is no screening of policy and decisions in the same way as equality screening happens. When we work with councils, we often find that they push back on screening policies and investments, because they feel it is too arduous to screen for both equality and sustainability, yet arguably sustainability includes equality. Can we not amalgamate and integrate these agendas? That is what the UN sustainable development goals do.

To answer your question, Claire, I can only really speak about the environment sector. I do not have any figures, but, anecdotally, I would say a higher degree of women work in the environment sector in Northern Ireland. I do not know whether that is the case elsewhere in the UK. All of my employees are women. It might be to do with the fact that green jobs are lower-paid. There is a natural tendency for men to work in other sectors.

Perhaps there is a nice story here. If we, as a society, placed a higher value on sustainability and the green economy, and we had high-value jobs, the women who naturally go into these more vocational roles—such as working in the environment sector, because they want to do good and help the world—would be rewarded with higher salaries. Maybe there is something there, but that is based on anecdotal evidence. It is just my feeling.

Claire Hanna: I am going to have to look up section 25. Many is the time I have said that we should screen for sustainability in the same way as we do for equality. I did not realise there was a provision there.

Chair: I am wondering whether we should be concerned by your preoccupation with men in high-vis and steel.

Claire Hanna: I would say that the investment strategies are more preoccupied than I am.

Q266 **Stephen Farry:** For starters, I want to probe a bit further, particularly with Alexandra, around the STEM skills issues. I just want to raise a different angle. There is the point you were stressing, which you elaborated on, about how we build up other areas of the economy that are not STEM, which have a much better gender balance. To turn that on its head, in the light of the fact that there will be demand for STEM skills in the economy, how can we achieve a better gender balance in that regard, particularly in terms of the subjects that are chosen?



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More widely, could you just comment on the wider skills barriers that women are facing in the economy? I am particularly struck by the fact that, if you look at university graduates, more women graduate from our universities at present than men, but the issue seems to me to be one of progression in the workplace two, three, five or 10 years out. What challenges are we facing in that regard in terms of reaching true gender equality in the workplace?

Alexandra Brennan: On the first question about fixing the gender imbalances in STEM, a lot of that starts at the education and training level. In my written response, I cited a lot from a paper by colleagues of ours at Ulster University, which looked specifically at the gender imbalances in STEM apprenticeships in Northern Ireland and how, for some of them in building and construction, it is 99% male and 1% female, and, in engineering, 98% male and 2% female.

If we are not training, if women are not encouraged to enter those apprenticeships, and if gender stereotyping at the education level is not dealt with to make those careers viable to women and to encourage them to enter those apprenticeships, we are not going to have women in STEM careers—if they cannot enter those programmes, if they do not feel confident enough or if they are not encouraged to.

That is the positive thing when you are looking at the “10X Economy” report or specifically the skills strategy, in that they acknowledge that there are gender imbalances in STEM and they want to have targeted efforts at mitigating the gender imbalance.

When we go on about how there is a bit too much attention on STEM in those reports and strategies, it is important for us also to say that that does not mean that we do not want investment there, because it is a serious problem. It is more that the investment in STEM maybe needs to be equal to other sectors that may be less valued, but are also crucial.

You are talking about gender imbalances, but there are also gender imbalances in the care sector. It is predominantly women and girls who enter, not men and boys, and that is because, when you look at the two together, and especially at apprenticeships, if you are going into an apprenticeship in building and construction, you will be earning more than going into a care apprenticeship.

The skills strategy talks about better jobs, and those better jobs are labelled as STEM careers. It is not said but it is assumed that the worst jobs are something like in care or hospitality, or a beautician or whatever, but they are still essential. People will still have to work in them. It is about making those worse jobs better. Moving all women into STEM is not the be-all and end-all solution to economic inactivity, low pay or fewer hours among women. We need to make those sectors viable and desirable career options, so that men and boys too feel that, if they want to go into care, it is a viable option for them.

In relation to the barriers, a significant one is childcare. We are the only



part of the UK that does not have any free childcare provision. The childcare provisions that we do have are for three to four-year-olds, for 12.5 hours, whereas the rest of the UK has 30 hours. Even then, we would still advocate for more universal and accessible childcare, because it follows the nine-to-five work pattern. That is a major barrier.

Transport is a major barrier because it usually runs from nine to five, in the way that men live their lives, and more women are shown to take public transportation, especially in rural areas. If you have work that does not start at nine and end at five, or if you have to go to a doctor's appointment or drop your child off at childcare before you go to work, and you rely on public transportation, that is not available for you.

Digital access poverty is another major issue in rural areas, and for a lot of women. When we talk about upskilling and reskilling women and getting them into employment, and when we talk about economic inactivity, one of the main reasons that women cite for being economically inactive is home and caring responsibilities.

We cannot get women out of economic inactivity, low-paying jobs or no work at all by just saying, "We will make STEM careers a more viable option for you by opening up opportunities to reskill yourself." If there is no childcare for you to get that skills attainment, you are not going to do it. Even if you have the skills attainment, if you cannot get to work on time because of public transportation, you will not get a job in your field, even if you are trained for it.

That goes with what you were saying about more women graduating from university. It is because there are barriers in place that keep them from getting into employment or securing further training or skilling programmes. Removing those barriers is crucial to women's participation in the labour market.

Q267 Stephen Farry: I am very conscious that the political process often talks about 30 hours' childcare provision when it does not address the realities of what is a normal working week for many people. I saw you, Nichola, nodding through a lot of that as well. Is there anything that you want to add to what Alexandra said?

Nichola Hughes: No, I just agree. From personal experience, if you have two kids under three, it does not pay to work. If you are career-minded, you make an investment in your own career and you do it, but, from a cost point of view, if you do not have grandparents who live nearby, for example, it is just not viable.

Your point, Stephen, about career progression is a real issue. When you look at jobs, if it says "travel required"—international travel or travel within the UK—most women would look at that and think, "I cannot do that, because I have the default primary responsibility for collecting the kids from school", and so on, so that really needs to change. Thirty hours' free childcare or even progressive policies like four-day working weeks, which have been shown to increase productivity in the workplace, would all be major steps forward.



As a general point, I did not realise that about transport and the rural aspect, and that there was an overlap with gender equality. There are two key areas for investment in Northern Ireland that would have benefits all around. One would be major investment in fibre broadband across the Province, because more people can work from home and, therefore, have the job that they want, but also manage having a family—so it is particularly important for women. That also reduces carbon emissions by people not having to commute, and increases productivity. So it is about investment in digital connectivity, but also public transport. So much of our population is rural, and public transport—bus and rail—is really poor. If you look at the investment in levelling up, it has gone to things like greenways in the last round, which are great for active travel and for cycling, but you are not going to cycle from Enniskillen to Belfast if that is where your job is. We really need to look seriously, not at improving the existing Belfast to Dublin trains and making them really high speed, although that is great, but at reinstating our existing old rural rail network, which would be monumental in providing multiple social outcomes and reducing our carbon emissions.

Paul Mac Flynn: I would think about re-establishing railway links, particularly out west. That issue has been raised more by industry with regard to freight and extending the reach of manufacturing beyond its mid-Ulster cluster. It could be a form of public transport as well, but, from an industry point of view, it would also be highly beneficial.

In the short term, more realistically within the budget envelope, we are likely to encounter more significant investment in the local bus network, in reliability and in extended timetables. As you say, a lot of Northern Ireland public transport runs from nine to five, which just does not exist for a huge number of people.

Q268 **Stephen Farry:** I just want to turn to the skills issue more generally. I will start with Paul in relation to how UK Government investment can help Northern Ireland to address the skills gap or best support what the Northern Ireland Executive should be doing in skills. I am conscious as well that there has been the recent publication of the Northern Ireland skills strategy. Do you have any thoughts on that?

Paul Mac Flynn: Investment is not the problem with Northern Ireland's skills. Everything could always use more money, but there is a problem with how we discuss skills in Northern Ireland. You can attend any economic conference in Northern Ireland and somebody will raise a question about skills, and there will be an awful lot of head nodding going on. It always focuses on the supply of skills and getting people into courses. "We need X number of graduates. We need this number of people qualified in this." The focus on STEM can sometimes tunnel-vision people a bit.

We talk very little about the demand for skills in the economy. We are in a peculiar situation now, because we have the restart of the economy after covid. There are certain gaps for particular firms. A lot of people



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exited the service sector during that, but that is a horizontal mismatch of skills. We do not have people who have moved across sectors. When you look at it more in the longer term and look at the vertical skills mismatch, what do we have in terms of the qualifications that people have in our economy and that employers and industry need?

Anecdotes will tell you, "There is a great deal of demand for this," and, "If only we had X number of graduates in this." When you look at Northern Ireland regionally, its vertical skills mismatch is very low. Some of the business surveys ask, "Do you require your workforce to be significantly upskilled? Are they mismatched to your requirements?" A lot of them say no.

This is a product of the initial lower uptake of skills—this vicious cycle, where you have people not gaining higher levels of qualification and, therefore, industry not having access to that level of skills, not making the necessary investments and not providing the job opportunities, which does not incentivise the next group to gain the skills. Northern Ireland has been stuck in this circle for ages, and it is a co-ordination problem.

It feeds into FDI as well. The strategy that we have on FDI is one where we are literally just getting whatever is coming in and what can be brought into Northern Ireland, and constantly just focusing on announcing numbers of jobs. You cannot just buy in economic success. You cannot just say, "We will get this firm in, which has X profile of salary", and that is it. It needs to bed into the local economy.

Also, if you want that initial FDI to grow, you have to have started the skills machine working several years beforehand, particularly if there is a good lead-in time to the investment. I know that there is the assured skills programme, which talks about training people up and placing them with companies, but a proper FDI strategy is proactive. It knows what it is searching out and it necessarily has the co-ordination between the other areas of Government to ensure that, when that does come in, it is going to grow itself and feed out into the wider indigenous industry.

The skills piece on that is missing. We have the infrastructure there, in terms of great FE colleges that would jump at the chance to be more co-ordinated with industry, but, for some reason, we lack the scale of the co-ordination necessary to really get bang for buck from our investment.

Alexandra Brennan: To follow up on what Paul was saying, the problem is that there is a skills demand, and that is what we should be meeting. Just to go back to what I was saying about the care sector, the skills demand right now is in care. We are facing an ageing population crisis with not enough adult social care workers, so that women will probably have to leave work, because they tend to take on a caring role about 10 to 15 years earlier than men do. Again, that is just looking at adult social care, but, as Nichola was saying, unaffordable childcare costs will force women to leave their jobs. It has already forced women to leave their jobs. There was a significant amount of women who left work or reduced



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their hours following the pandemic, so there is the skills demand for care right now and we are not meeting it.

The problem is not necessarily more investment but rather reprioritising or reworking the investment that we currently have to cover those skills demands. As I mentioned before, we can invest in skills as much as we want, but, if we do not remove the barriers to women's participation in skills attainment and employment, you at least will not see women engaging in that area.

Q269 Stephen Farry: Turning to Nichola on this one, could you answer that with direct reference to the green economy, both in terms of what skills are necessary for the green economy and how the green economy can help shift the skills base—looking at it from both directions?

Nichola Hughes: It is interesting. We questioned the Department of Finance, which sets building regulations, and asked why it was not setting a more ambitious net zero homes standard and not bringing us up in line with the rest of the UK. One of the reasons cited was, "We do not have the skills within the construction industry." You need to have set the demand and created the policy to create demand for the skills. We have excellent further education colleges. South West College has so many green construction jobs. They have just built a passive house premium campus in Enniskillen, and it is a world-class low-carbon building, so there is lots of momentum.

There are so many green courses. The question is where the jobs are. I think that the jobs will come. I do not think that the problem is in new people entering the workforce. We need to refocus and upskill people already in the workforce, refocusing everyone's job so that there is this whole movement towards carbon literacy training and things like that. There is lots of appetite within businesses, so all sectors will need to upskill and retrain their staff. There is probably a case for a regional green skills academy. Scotland is leading the way on this. It has a number of programmes in place and we should be doing this on a regional basis, rather than having disparate little projects here and there to train as individual sectors.

Let us combine that expertise and offer ongoing development programmes, such as modules that can be built into workplace CPD, to upscale and retrain existing staff. The key point is that there has to be a transformation in skills and knowledge within the existing workforce. With the right policy, we will create demand for these new jobs.

Q270 Sir Robert Goodwill: When we were in Londonderry, we went to a number of companies, including one in very high-tech robotic production technology. They were complaining that companies that paid the apprenticeship levy in Northern Ireland were not able to draw that down in the same way that companies in England or other parts of the country could, and said that that money was chucked on the heap at Stormont and that they did not really get a chance. Is it a disadvantage in Northern



Ireland that we do not have a functioning deployment of apprenticeship levy funds?

Paul Mac Flynn: Yes. It was looked at by the recent Fiscal Commission, which was looking at devolving tax-raising powers to Northern Ireland. It did not come to make a recommendation on the apprenticeship levy but definitely identified it as a design flaw. The problem is that companies are allowed to bid for the pot of money, but if the pot of money is not disbursed it just goes back to the Executive.

The job of work that probably needs to be done is to work with local companies to find out why they are not getting back from the apprenticeship levy what they are putting in. It has been rumbling for a while now and it seems like a problem that could be quite easily fixed by working with those companies to improve the outcome in terms of bids.

Sir Robert Goodwill: This Committee is on that case, is not it?

Chair: We are indeed, Sir Robert.

Q271 **Ian Paisley:** I would certainly support a recommendation that ringfenced the apprenticeship levy to businesses.

Paul, could I ask you a couple of questions about post-EU exit FDI in Northern Ireland? As you know, article 10 of the Northern Ireland protocol deals with issues to do with the operation of the two subsidy control measures. We have heard some evidence—and there has been some written evidence to us—that this is dissuading or at least holding back potential investment. In order to get the best future investment into Northern Ireland post-Brexit, these are measures that we need to grapple with and try to come to terms with. Can you tell us anything about your knowledge of people being dissuaded because of the control measures?

Paul Mac Flynn: No, but I have certainly heard a concern from within Government Departments that you would not only have a tension between the two subsidy regimes, but the potential that that could result in some sort of combination of the two, which would not be in anybody's interest.

That is a problem at the moment that needs policy certainty. I would not say, one way or the other, which system, but I agree that policy certainty for FDI, particularly in terms of state aid and things like that, needs to be sorted out. That is an undeniable barrier, I would think.

Q272 **Ian Paisley:** I heard earlier on some naive views—not here but from way earlier on in the process—that you could apply for both. That is just not on.

Paul Mac Flynn: That could not work in practice. To my mind, it will have to be one system or the other. Where that falls is going to be a matter for negotiation. From what I have heard from within Government Departments, the idea that there could be a mishmash between the two is not good from the point of view of Government enforcement or in terms of external focus.



Q273 **Ian Paisley:** You want to see a number of principles in that, such that there is no disadvantage to the applicant and, as well as that, as you have rightly put your finger on, that there is no confusion about where the tax regime and everything else rests within that.

I recently had the opportunity to go to Farnborough for the signing of a new contract between Wrightbus and Volgren, which is, for them, a huge potential export opportunity. Are you aware of any other benefits like that that are flowing to Northern Ireland post-Brexit, especially for manufacturing companies that are really producing wealth in Northern Ireland?

Paul Mac Flynn: In terms of the overall trading relationship of Northern Ireland in the UK context, quite a lot of the existing trade deals are carried over from the EU. I am sure that there are some, but it would probably need to wait a couple of years until there are amendments or improvements made between those bilateral trade deals that Northern Ireland companies could benefit from. I certainly do not rule it out in the future. With all trade deals, there are winners and losers, and touching on sensitive agricultural issues is a touchpoint for Northern Ireland.

There clearly would be opportunities, but there are also dangers in the future. It stands that Northern Ireland should have a fairly decent role in shaping any trade policy that it is ultimately going to be affected by.

Q274 **Ian Paisley:** Are the opportunities and risks still at the hypothetical point or at the moment where the rubber hits the road?

Paul Mac Flynn: Hypothetical. I know that the New Zealand deal raised some tensions. Generally, from what I have seen in terms of the analysis of the deals that have been agreed so far, the gains are hypothetical, but, once again, no losses so far.

Q275 **Chair:** Just on business confidence, there are balls in the air with regard to the delivery of devolution and, therefore, the perception of what one could colloquially describe as political stability, and then regulatory certainty. To slightly paraphrase, business always has to operate within a regulated marketplace. It does not really care what the regulations are. It just needs to know what they are and that they are going to be in place for a period of time, so that it can resource them, train staff, buy in kit, and so on.

Those two balls are floating and nobody quite knows where or, indeed, whether they are going to land. What impact is that having on the expansion and investment of existing businesses within Northern Ireland, across the sectors, and on the decision of those who may be considering, in what is a very competitive international marketplace, trying to attract investment? Is it making them press the pause button, or press the no button—"We are going to go elsewhere, where political stability and regulatory certainty prevails"?

Paul Mac Flynn: When we talked about the current environment and uncertainty over negotiations surrounding the protocol, and issues like



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that, we can see that the protocol, as it has been implemented thus far, affects different industries differently. There are always going to be winners and losers out of that process. The same is going to apply to FDI. There is going to be FDI that finds the situation that pertains under the protocol very attractive.

Q276 **Chair:** Is that with one foot in two camps?

Paul Mac Flynn: Sometimes we let the words take a hold—"the best of both worlds" and stuff like that. It is not the best of both worlds. It is a bit of both.

Chair: A bit of the best of both worlds. As long as it is the best bit of the best bit of both worlds, we might be okay.

Ian Paisley: We will never know.

Paul Mac Flynn: Hopefully, that is where we land eventually. To the point you made at the start, it is about the certainty, and not for the next year or two. That has probably been the most damaging part of the issue so far, in that it is considered that arrangements that have been agreed to and made do not stand. FDI is measured over five, 10 or 15 years at the minimum. You need certainty for that period of time.

Politics is politics. You cannot guarantee it, but there needs to be an effort that whatever arrangements we come to, whether that is regarding the subsidy scheme or particular arrangements for trade checks and that sort of thing, it has a believable certainty for a number of years. I was talking earlier about the winners and the losers. If there is no policy certainty, you do not get the people who would come for that arrangement if they think it is not going to stick. Uncertainty is the biggest issue and, hopefully, the two issues of political uncertainty will be fixed at the same time.

Q277 **Chair:** Ms Hughes, yours is a sector, I would have thought, that requires certainty and stability possibly more than others. Is that right?

Nichola Hughes: Yes, absolutely, because a lot of the investment just cannot be made if we cannot demonstrate a long-term return to make the projects viable. The issue has been twofold. Not having an Assembly in place to bring our policy and legislation up to speed with the rest of the UK has put us on the back foot. Thankfully, that has changed in that the Climate Change Act is now through, so there is some assurance for people to make investments, given that net zero is now law, so that is helpful.

I would maybe come from a different angle, on the practicality of not having a Government and a Minister for Infrastructure, for example, to make decisions on regional planning decisions. Arguably, renewable energy is one of the greatest economic opportunities for Northern Ireland.



I have talked about offshore wind, which is a tremendous economic opportunity for the companies placed to win those contracts and make those investments, but it is just about having Ministers in place to make planning decisions and get those projects up and running. It is a big economic risk and it just delays things—that uncertainty about planning decisions taking 24 months or more just puts investors off.

Q278 Chair: This is an issue that we, as politicians, need to grapple with, whether in Belfast or here in Westminster. If there were this to-ing and fro-ing on the delivery of devolution in Edinburgh or Cardiff, it would be front page news, a major story and a national disaster, and so on. Has it just become, “Oh well, it always happens in Northern Ireland”? “This is just one of those other little temporary things and then, somehow or other, everybody finds a way to scramble back until the next time.” Is business now just not factoring this in, because it happens with increasing regularity, doesn’t it?

Nichola Hughes: To an extent, they have built in resilience and it is an ongoing risk that the market is aware of and has built strategies around. It is surprising, given the prevailing conditions, how well businesses and the economy have done. To an extent, there is some in-built resilience and it has, to a degree, become normalised.

Q279 Chair: But it would be wrong to bet the house on that continuing, surely.

Nichola Hughes: I hope not, because progress will continue to be extremely slow and people like me will just want to move and work in other places, because it is really frustrating to work in this kind of sector when the progress has been so slow.

Chair: And then that brain drain that we hear of from time to time just continues.

Q280 Stephen Farry: Just to follow up on the Fiscal Commission, could I ask you for your broad reaction to it in terms of its viability and what you think of the general recommendations?

Paul Mac Flynn: I have to confess that my colleague sat on the Fiscal Commission, so now is my chance to settle the score. Its central recommendation is a phased devolution of income tax to Northern Ireland on a full basis, with the power to affect rates and the personal allowance. I had suggested—this was rejected by the Fiscal Commission—that there would be an interim arrangement where, before Northern Ireland is given the power to alter rates or thresholds, or anything like that, it would feel the impact of the volatility of tax revenue and begin to understand the relationship between revenue and Government spending before being given the full handle of the controls.

I suppose that this is because the Northern Ireland Executive spends. It has no significant involvement with revenue whatsoever. Block grants are determined initially by spending reviews and then in individual budgets. We have a Ministry of Finance, but it is like having a large cake and



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dividing it up. There is no greater interaction with the real economy than that.

One of the benefits of having a certain amount of Northern Ireland's spending dependent on revenue is that it gets Government spending to understand how it is impacting on the local economy. If the local economy and your spending power is going down, it speaks to you, because you have the policy competence for economic development, and creating better and better-paying jobs, which would raise revenues. You would then begin to see the benefit as revenues rose, if you got serious about economic development and improving people's incomes that way.

There is a danger that we would see what happened in Scotland, whereby it devolved and the rates changed. For reasons where Scottish revenues have just increased more slowly than English revenues, there is a gap in terms of the funding, and people are putting that down to having a more progressive tax system, which gives progressive taxation a bad name.

Rather than jumping into the driver's seat immediately, we should maybe take a few lessons in the passenger seat first. The Fiscal Commission is all ready to go on that, and I just would be slightly more cautious.

Alexandra Brennan: We welcome the work of the commission. I know that they are separate, independent bodies, they and the Fiscal Council, but they are working towards making these sorts of sometimes high-level economic discussions a bit more accessible, so we welcome that.

In regards to that specific report, one of our main concerns, or just something that we would like to see taken further, is that there was little equality assessment at that level. I understand, if there was something to go out to further consultation or whatnot, that that would probably be included then, but we feel strongly that the absence of equality considerations at this stage could have detrimental impacts on protected groups like women.

The OECD notes that gender blind is not gender neutral, so not having these sorts of equality considerations at this time could lead to gender-blind tax policy. Even if gender impacts are not recognised in this analysis, their effects will still be felt by those most vulnerable to them.

We would recommend that gender inequalities are targeted at the source—for example, fixing wage inequality or removing barriers to women's participation in the labour market. Taxes are viewed as a tool to help address gender imbalances that do not amplify gender inequalities. That would be our main note on the commission's report.

Chair: Can I, on behalf of colleagues on the Committee, thank our three witnesses for joining us this morning? You have provided us with a lot of useful information and, certainly, food for thought. We are very grateful to you.