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Northern Ireland Affairs Committee

Oral evidence: [Investment in Northern Ireland](#), HC 792

Tuesday 22 March 2022

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

Questions 171 - 206

Witnesses

I: Gordon Lyons MLA, Economy Minister at Northern Ireland Department for the Economy; and Paul Grocott, Head of Economic Strategy Group at Northern Ireland Department for the Economy.



Examination of witnesses

Witnesses: Gordon Lyons MLA and Paul Grocott.

[This evidence was taken by video conference]

Q171 **Chair:** Good morning, colleagues, on this nice, bright, sunny spring morning and a further session on our NIAC inquiry on investment in Northern Ireland. We are delighted to be having two sessions today, both with Ministers at Stormont. We are delighted to be joined this morning by Gordon Lyons and by Paul Grocott, who is the head of economic strategy. Gentlemen, you are very welcome. Thank you for finding the time to join our proceedings today and to add to our thinking and our understanding with regard to this inquiry.

Mr Lyons, can I start with you? We have heard over the last two years as a Committee from businesses, both individual and groups and organisations representing business, and this has been in relation to this inquiry, the protocol and, indeed, other areas, that business looks for two things—the first is obviously peace in the broadest sense of the term, and then political certainty and stability—as a way of informing their business development, investment strategy and the like. What is your assessment, Mr Lyons, this morning of the impact on businesses, their planning and their confidence in Northern Ireland following the, in essence, collapse of the Executive and the spectre hanging over us of no resurrection of the Executive any time soon? What do you think, if any, the knock-on effects of that might be?

Gordon Lyons: Right now I believe that that is limited because I have extensive engagement with investors. In the last number of weeks, I have met with investors here in Northern Ireland. I have met with investors in the UAE, in Dubai, and I have been in the United States. I believe that political stability is important. It is important that we have that in the longer term, but ultimately when people who are interested in investing in Northern Ireland speak to me, they are interested not necessarily in what is going on at Stormont but in what is going on on the ground. I am being told that what is appealing to investors about Northern Ireland is the skills and talents of our people. First and foremost, people invest in Northern Ireland because we have the capabilities and we have the skills that exist here. It is what I see sets us apart from elsewhere.

I think that our size sets us apart and the fact that we are small means that we can be agile and respond quickly to the needs of businesses and, in fact, the needs of individual businesses as well. I will give you an example. Our Assured Skills Academy brings together Government, the academic and further and higher education institutions, and business.



Individual businesses can come to us and say, “We have a shortage of skills in this area” and what they will do is engage with us and we will work with the sectors to put that skills package together to make sure that the people are there.

People are interested in the fact that we are business friendly, we are cost competitive, we have those world-class universities, and our connectivity, which is the best in the UK and Ireland in terms of our broadband, for example—something that was delivered for Northern Ireland through the confidence and supply agreement between the DUP and the Conservative Party. In the last few weeks, those are the real issues that have been raised with me.

I want to see long-term political stability in Northern Ireland, which is why the protocol needs to be dealt with because the protocol is not giving us that certainty for the future. It is causing the political stability and it is running against the Belfast agreement. I think you will find that investors and businesses in Northern Ireland and those who want to invest in Northern Ireland are more interested in those other areas than the latest goings on at Stormont Castle.

Q172 **Chair:** Thank you for that. At the top of your answer, you said two things that I jotted down. You said that your assessment of the impact on business was that right now that is limited, that being the present, and then you went on to say “in the longer term”. If there is a very long devolution interregnum, we know what the “right now” looks like. What is your vision, what is your assessment of the impact medium to longer term, particularly thinking about—I know colleagues will come on to ask questions about the skills gap and education and training—if there is that policy evolution pause for a period of time that does not see the new workforce, the younger workforce of Northern Ireland, keeping pace with the demands of investors and business in what is, after all, a very internationally competitive marketplace, with lots of economies asking for direct foreign inward investment from all sorts of areas? Some will win and some will lose.

Gordon Lyons: Yes, absolutely, we are in a very competitive environment. I have set out my plan, the 10X vision document on our ambition to be among the elite small group of economies in the world, and that is going to require policy responses to that, policy responses that we have already put in place within this Department. We are bringing forward skills strategies dealing with what I think is the biggest issue facing Northern Ireland outside of our health issue right now.

I think the skills issue is something that is being faced not just across Northern Ireland or the UK but, in fact, across the world. I am trying to make sure that we can develop and continue with that pipeline of talent. We have our 10X document. We have our skills agenda coming forward. We have our energy strategy. I believe we now have our plans in place, plans that we can move forward with, but of course I want to see that



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political stability in the long term as well, which is why we need to see these issues dealt with.

Chair: Thank you. I should have said 10 out of 10 for the branding as your backdrop. That is selling the message very clearly, so well done on that.

Gordon Lyons: I was not going to say it, Mr Chairman.

Chair: On a technical point, there seems to be something squeaky coming from your side of the Zoom call. Is there anything squeaking or is it at our end that we have a glitch?

Gordon Lyons: I am not hearing anything at the moment.

Chair: We are hearing something. We were, but we're now not hearing anything squeaky so maybe the squeak has gone.

Q173 **Stephen Farry:** Good morning to our witnesses. To pick up first of all, Minister, on your wonderful branding, could you tell us a little bit more about the 10X vision document? I suppose there are two parts. How did the Department determine which sectors to prioritise within that? Secondly, to what extent has there been discussions with the UK Government over the vision document itself?

Gordon Lyons: I am more than happy to tell you a little bit about 10X, Stephen, and here is what I prepared earlier.

Chair: The Valerie Singleton of economic development.

Gordon Lyons: Yes. I hope that it is something that you are familiar with. 10X came together because we wanted to set out a very broad vision of where it was that we wanted to see ourselves over the next decade. You will be aware of the focus that we have on innovation within the next decade. We believe that we will get there by focusing on those key sectors and clusters that we can see the growth, the jobs and the economic prosperity will be delivered from: advanced manufacturing, life and health sciences, fintech, agritech, cybersecurity.

Why those areas? It was those areas because we believe that we are already world class in those areas or have the potential to be world class in those areas. Take cybersecurity, for example. We are the No. 1 investment location for US companies now that are investing in cybersecurity. In fintech you will know yourself the incredible growth that we have seen in that sector in recent years. They are sectors that we believe there is huge growth in, huge potential in, that we can still do better. We believe that in focusing on those clusters, that will develop even further and create those hubs in Northern Ireland that will then generate more and more investment.

We are not just limiting ourselves to those key sectors. We believe that investing in those will have a wider impact on the economy as a whole,



that we will see that diffusion right throughout. Those are the key clusters that we are focused on, and to deliver on that we have to take advantage of the place that we live in and the talent of the people we have as well.

In terms of engagement with the UK Government, this was largely a document that was created in Northern Ireland based on what we believe the opportunities are that exist and the challenges that we have to address as well. This has developed in consultation with key stakeholders. If you look at the document, you can see the buy-in from the business groups and other interested parties, which is why I think it has gone down so well because it was developed in collaboration with them.

As we have moved throughout the process we have certainly engaged with the UK Government on it. We have had those conversations with the UK Government to say, "This is what we are doing and this is our plan". What is very important for us is that the UK Government feed in to what we are doing and act in concert with us to make sure that these can be delivered. That is why it is so important when it comes to the Shared Prosperity Fund and other funding models that we have the mechanisms in place to ensure that the funding that the UK Government are giving to help us level up is directed towards 10X because that ultimately is the outcome that I believe everybody wants to see.

I don't know if you want to add anything, Paul, in terms of the genesis of the document or the consultation.

Paul Grocott: Certainly, at official level there was very intensive engagement between ourselves and in particular colleagues in BEIS but also involvement with others and also wider engagement with colleagues in Scotland and Wales as we came together with officials in collaborating and sharing our policy response to Covid throughout the pandemic.

Q174 **Stephen Farry:** To follow up on a couple of things that were said there, Minister, you rightly said that 10X is a vision document. What plans do you have or does the Department have to turn that into a formal strategy as we would conventionally understand a strategy with targets and measurements and funding allocations? You also mentioned the skills strategy. Could you update us on the timetable for publication of the formal skills strategy? I appreciate that a draft has been out to public consultation and there has been extensive work and collaboration with the OECD in that regard as well.

Gordon Lyons: This is a broad vision document, and that is where I want it to remain, but we have flowing from 10X a number of other strategies and action plans; for example, the trade and investment plan, the energy strategy that I was able to publish last year, and then the skills strategy, which you have also mentioned and which I hope will be going out very soon. That is being finalised as we speak.



10X is what holds the Department together and runs through the Department as our overall vision of where we want to be at the end of this decade, perhaps putting strategies underneath those. We also have developed those into action plans. Take the energy strategy, for example. It is a long-term strategy to make sure that we are less dependent upon foreign sources of fossil fuels, to generate more of our energy here, and to exploit the hydrogen opportunities that we have. Again, it is a long-term strategy. We have an action plan for 2022—22 actions that we are going to take this year. It is never my intention to develop a strategy or plan just for it to sit on the shelf. I want to make sure that we are delivering on it, so we have markers set for this year to make sure that we can deliver against those.

It is worth mentioning the importance of careers as well, because it is connected to the skills piece. I have asked for a fundamental review to be carried out about careers guidance. We think that that is absolutely essential to make sure that we have the necessary skills in place to deliver on our 10X objectives.

Q175 Stephen Farry: Super. My final question touches on the issue you mentioned around EU funding. Some of my colleagues will talk in more detail about the Shared Prosperity Fund. I want to ask in particular how the potential loss of EU funding may affect our investment potential, in particular the capacity of Invest NI. I appreciate, Minister, you have said at times that it may be possible that the levelling up funding will in due course match what we are losing in the EU funding. Some of us are sceptical in that regard. Do you have a fear that the areas that this money is directed to may not be the same as we traditionally use European funding for, which may create a certain degree of chaos or undermine the potential for the work of Invest NI? I am conscious that bids were made by Invest NI in the previous rounds of levelling up funding that were unsuccessful.

Gordon Lyons: The UK Government have committed on a number of occasions to replacing EU funding; at the very least to replacing it and potentially giving us additional funds. That commitment is welcome, but unless the money is going to the right place and is better aligned to our objectives, there is going to be a problem. I do not want us to be in a position where funding that we are getting from the UK Government is simply going to duplicate what is already taking place elsewhere.

It is not a responsibility of my Department—the Department of Finance leads on replacing the EU funds and negotiations over the Shared Prosperity Fund—but one of the messages that I have been trying to get across time and time again to UK Government Ministers, and it would be very useful if we could perhaps work with the Committee on this, is to ensure that the EU replacement funds that have been guaranteed to us align with our priorities. That does not necessarily mean going to where they have gone in the past. If we can have greater flexibility so that we can better align with the priorities that we have now, that is very



welcome. We want to see it align to everything that we are doing in 10X. That is where we will see the real benefit coming from, with greater control over those resources.

The worst thing that can happen is that this additional funding is simply given on a UK-wide basis to certain projects without taking into consideration where we are here in Northern Ireland. That is a very useful role that the Committee can play in ensuring that levelling up and shared prosperity actually goes to our priorities and that it aligns with what we are doing in 10X.

Stephen Farry: I certainly concur with that. Thank you very much.

Q176 **Chair:** Mr Lyons, with regard to 10X, how will you mark the homework? How will you track the outcomes? Is that going to be done in-house? Will you be working with an organisation like the IFS or something of that nature to track it? In a sentence or two, can you say what success of 10X looks like, and in another couple of sentences can you say what failure looks like?

Gordon Lyons: Yes, absolutely. I think that success looks like exactly what the document says, that we are creating more and better high-paid jobs in those clusters and in those areas that we want to see. Paul, I will bring you in.

Paul Grocott: As the Minister mentioned earlier, our ambition is to move up that league table of small advanced economies. Success will be Northern Ireland competing at that top league of small advanced economies. We are in the process of developing metrics that are comparable across those 14 small advanced economies and that will show at a macro level whether we are performing.

There is a separate stream of work that is able to assess at programme level our individual programme performance in delivering those outcomes. At programme level your metrics will not be comparable across the 14 small advanced economies, but that is operating at a programme level and also at a macro and global level. We will be able to demonstrate if the interventions that we are going to be performing are matching the ambition that was set out in the document.

Q177 **Sir Robert Goodwill:** Good morning. There does not seem to be a shortage of different funding streams coming into Northern Ireland. We have the Levelling Up Fund, the Shared Prosperity Fund, New Decade, New Approach, the New Deal for Northern Ireland, of course, and the City Deals. Some of them have more central control, some of them are more devolved and localised. Overall, do you feel that these schemes can be co-ordinated and work well, or do you believe Ministers are wanting to announce a new initiative and generally make it look different? Is it going to work in a co-ordinated way together?

Gordon Lyons: I think that it is my job, along with other Executive Ministers, to make sure that it works in a co-ordinated way, but that is



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why we need to have that level of control and that level of collaboration, working with UK Government Ministers, to make sure that the funds that are made available make as much of a difference as they can. For example, City Deals are bringing incredible investment in this region right across Northern Ireland, great opportunities for the future, but we have been able to put that funding to where we think it can make the most difference.

This is the key point. I am not afraid to say it again. The shared prosperity funding and the levelling up funding have the potential to be a fantastic opportunity to Northern Ireland and to help kick-start some of the sectors and areas where we want to see that happening, but I think that we know best how that can be spent to align to our priorities. I think that right across the UK that should be the case, that it should not be central Government who dictate in any way how funding should be spent. There should be autonomy for devolved Administrations and cities and regions throughout the UK to make those decisions. That was one of the reasons why so many people voted to leave the European Union; because they wanted to see that greater control devolved down into local areas.

Q178 Sir Robert Goodwill: Yes, I think the evidence we have already received would indicate that the word "enthusiasm" would be linked to the City Deals. When we had evidence, people saw how that could make a difference in their locality. Do you think that there is sufficient collaboration between the UK Government and the Department for the Economy on the delivery of these funds?

Gordon Lyons: No. Although it is the Department of Finance that takes the lead on this issue, I have been disappointed with the level of engagement overall. We have repeatedly sought clarity on when the funds will be available, how they will be administered, the way in which that will be done, and the level of engagement that we will have with them in that process. It has all been disappointing, and I think that the Government are doing themselves a disservice in this as well. It would help everybody if there was that greater collaboration and working together to make sure that we make the most of the resources that are available. I just don't think that that is the case right now.

Q179 Sir Robert Goodwill: That is very helpful to know. What sort of timescale in terms of getting this ball rolling more quickly are we looking at?

Gordon Lyons: Paul, do we have dates yet on when we think the shared prosperity funding is going to go through?

Paul Grocott: Indicatively, I think the UK Government timetables are spring into summer for replacement later on in the year, but that is a pressing issue for organisations that are in receipt of funding in Northern Ireland.

Sir Robert Goodwill: That is certainly something we can raise with UK



Ministers when they come and give evidence.

Q180 **Chair:** Robert, just before we leave there, can I clarify one thing? Given the tightness of the geography of Northern Ireland, as Robert has pointed out, there are a lot of income streams or investment streams or funding streams coming in. Would you like to see flexibility? You obviously have the silo streams, but if you could make a case through to Treasury or BEIS or the levelling up Department or whatever that merging two income streams or funding streams gets a much greater bang for the buck rather than two little bangs from two little bits of money coming in, would you like to see that flexibility?

Gordon Lyons: I think that flexibility is always helpful because you do not want to be putting resource towards something when you think it would probably be better going here but we are forced to spend it in this area. I think that is common sense.

Q181 **Sir Robert Goodwill:** That would certainly apply to the £400 million initially allocated under the New Deal for Northern Ireland, which has now been subsumed into general funding. What plans do you have to spend that specific money or is it just going to be spread around?

Gordon Lyons: Again, it depends exactly on the stream that that comes through, but I think that giving ourselves greater flexibility to make sure that it aligns with our priorities or where the priorities at that particular time are would be better use of those resources.

Q182 **Sir Robert Goodwill:** Minister, you said you had been to UAE, Dubai and the United States in terms of attracting investment and promoting Northern Ireland. In that regard, I know that the Department for International Trade is planning to set up an investment hub in Northern Ireland. Do you feel that you will be able to work closely together with it or have you pretty much covered that base already?

Gordon Lyons: No, we always welcome greater collaboration with UK Government and with Ministers. Since I have been in this post, I have been able to meet with Anne-Marie Trevelyan, and have been in contact with her a number of times, and I have emphasised the importance of the UK Government not just representing England abroad but representing the whole of the UK. To be fair, I think that the Secretary of State gets that. I am very keen to use the network that DIT has, for example, right across the world. For example, I was at Expo 2020 in Dubai and Invest Northern Ireland was working very closely with DIT. I want to see more of that taking place so that we can see the opportunities that exist right across the world and take advantage of those. I am very keen to collaborate as closely as we can together between the Northern Ireland Executive and the UK Government.

Q183 **Sir Robert Goodwill:** That is great. It sounds like that collaboration is working very well indeed. Has Anne-Marie been across to Northern Ireland?



Gordon Lyons: She has, yes. I met her a few months ago and I continually raise these issues with the Northern Ireland Office as well. The network that the UK Government have is far superior to what we have here, so I think that it makes sense for us to work together and for us to take advantage of that network as well. I want to see much closer working together. That was one of the promises and commitments that was made in New Decade, New Approach, so we need to see that come to fruition.

Sir Robert Goodwill: That sounds very encouraging.

Q184 **Ian Paisley:** Minister, I was with the DIT officials last week at an event here in Parliament, where they were basically showcasing the toolbox that they have available to them for trade. I must say it was very impressive. The enthusiasm and the collaboration around what DIT wants to do with Invest Northern Ireland was palpable, so I think that is a very good synergy and I hope that it does result, as you have indicated, in a greater network for Invest and for investors into the Province. It is almost like the elephant in the room. Can you tell us a little bit about how difficult or problematic the messaging about trade has become as a result of damage that has been done by the protocol to trade and investment messaging in Northern Ireland?

Gordon Lyons: I think the greatest damage has been done to businesses that currently exist in Northern Ireland and businesses that are looking to expand. I hear from businesses frequently about the difficulties that they are having as a result of the protocol, in particular those that seek to bring goods over from Great Britain on a regular basis. I hear time and time again from those who say, "It used to be so easy for me to bring goods from one part of the UK to another". I was speaking about a month ago to a medium-sized company in Northern Ireland, a company that brings an awful lot of goods over from Great Britain, who said that they now have an additional nine people employed to deal with the post-Brexit protocol paperwork. That is an incredible time commitment and staff commitment.

There are a lot of businesses in Northern Ireland that are having to bring in more staff or spend more of their own time filling out the paperwork. I was speaking to a large employer a few months ago. They said, "Our profit margin is only 3% to 4% and that has been wiped out by the protocol because of the additional administrative costs and burdens that it has put in place".

I think it is particularly difficult for those businesses that already exist in Northern Ireland and depend a lot on goods being brought in from Great Britain; they are facing the difficulties there. Of course, the bigger concern is what happens towards the end of this year if the grace periods go. As you will be aware, we currently have about 14 or 15 different grace periods or mitigations in place right now that will not be there if the EU sticks to its timeline and fully implements the protocol. That includes charging, of course, to bring goods into Northern Ireland, which is going



to create additional difficulties. That being said, when I am out across the world, the protocol is not the issue that is raised with me. I suppose for businesses that are not already established in Northern Ireland they do not see those potential issues. They see the skills, talent and capabilities as more—

Q185 Ian Paisley: I want to address the latter point. Obviously, Northern Ireland is marketed as nearshore or offshore to overseas investors in particular. Is that the policy of the Department—I assume it is the policy of the Department—to remove the checks and to streamline the flow of goods east-west and west-east? You are saying that is not coming up in conversations. If it does come up in conversations, is it a difficult conversation?

Gordon Lyons: I suppose a lot of the investors that I am speaking to are probably looking to bring jobs into Northern Ireland that are largely unaffected. It is in the service industry. However, investors are amazed whenever I tell them the checks that we have in place and the processes that exist. It is more general conversations that people are having that they find it difficult to understand. They ask questions and they find it difficult to understand that there would be processes like this in place within the UK single market. That is difficult, and we obviously have only a watered down version of the protocol right now. I would be concerned at what happens when those grace periods and mitigations were to go. I am trying to tell people about Northern Ireland and about why it is the place to invest, but there is no doubt that the protocol is an additional difficulty there.

Q186 Ian Paisley: I have one other smaller question in and around attracting investment, Mr Chairman. Obviously, tourism is a big economic driver and getting people into the provinces is very significant. A lot of these events showcase Northern Ireland. You have not had a chance yet to publicly speak about the impact of your conversations with Revival Racing and what happened with the, I think, significant hundreds of thousands of pounds offer to that club and that all collapsing. Are you able to tell us anything about that?

Gordon Lyons: Yes. You are absolutely right—

Chair: I am conscious of time and it is of interest, but I think it is extraneous to this inquiry. Could you do so very briefly?

Gordon Lyons: Yes. It is really important in terms of investment in Northern Ireland that we have major events. It has been shown in the past, whether it has been the Open or the Giro d'Italia, that major events help us to attract tourists, great jobs and all the rest of it. I was very supportive of the proposal by Revival Racing. For every pound invested it would have created a return of £12. I was supportive of it. I had frequent meetings with Revival Racing. I supported its proposal.



Unfortunately, despite the fact that the Department of Finance and the Department for the Economy signed off on the business case, Tourism Northern Ireland decided that it was a project that it could not support. I am very disappointed in that. I think that we need to be looking again at the policies that are in place to ensure that we can support large events. It is very disappointing. I tried to provide all the support that I could, budgetary assurances and—

Chair: Okay, thank you. Let's move on now to Claire Hanna.

Q187 **Claire Hanna:** Hello, Minister and Mr Grocott. We have discussed a little bit foreign direct investment. I want to ask generally what you think makes Northern Ireland an attractive destination for FDI and how integral it is to our economy.

Gordon Lyons: Absolutely. I think there are a number of things that stand out. We are business friendly. I think we have competitive costs. I think we have world-class universities. We are a global exporter. Connectivity is hugely important. We are the No. 1 location in terms of being most connected. Those are all important. I hear those time and time again, Claire, but above everything else the No. 1 issue is skills. I hear time and time and time again from investors who say, "The No. 1 issue for us is the skills, the talent and the pipeline that we have in Northern Ireland". It is by far the greatest asset that we have.

Q188 **Claire Hanna:** I know a colleague is going to ask you about investment in skills. You mentioned that the protocol, for example, was not the No. 1 issue that businesses were raising. I suspect skills probably is, is it, and access to labour? Has that worsened in the last year, and do you think there is a need for a bespoke immigration framework for Northern Ireland in order to allow us to have talent from elsewhere?

Gordon Lyons: There are a couple of things that I think we need to do in terms of skills. There is a wider issue within the labour market right now and I have, together with colleagues in Scotland and Wales, urged the Government to look at the policies that they have in place so that we can be a little bit more flexible in terms of some of the skills that we need. What I am interested in is making sure that we can have that pipeline and that pipeline that continues with the people and people with the skills that we need to address what we are trying to do in 10X.

I think you will see in the skills strategy what we are trying to do there. We are trying to address skills imbalances, widen that access to skills as well, create that culture of lifelong learning, and enhance digital skills as well. One of the things that I have said I would like to see happen is ICT skills being compulsory at GCSE level to get our younger people involved at an earlier age in ICT and to recognise the job opportunities that are there.

There is something else that we can do, Claire, and it is attracting talent from elsewhere in the UK. I am very aware of the fact that we do lose a



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lot of our young people to England, Scotland and Wales and many of them do not come back. Not only do I want to hold on to those young people but I think there is a great opportunity for us to bring more young people from the rest of Great Britain into Northern Ireland. As you will be aware, it is a great place to live. It is a great place to work, with increasing job opportunities. The quality of life and the cost of living is fantastic in Northern Ireland.

I want to see us doing more to sell ourselves as a place for people to come to from elsewhere. Yes, I think there is an opportunity for us to look at our immigration policy and to be as flexible as we can and to meet those immediate needs that we face, but we also need to keep that skills pipeline going and at the same time attract people from elsewhere in the UK as well.

Q189 Claire Hanna: I agree entirely. It probably comes back to that stability and social progress project in order to attract them. What is your understanding of the effect of Article 10 of the protocol around subsidy control on foreign direct investment and what discussions or efforts have you made around that?

Gordon Lyons: This is a concern that I have had for some time and I have expressed this to Paul Scully on a number of occasions. I don't have an easy answer for you because there is and continues to be a complete lack of clarity as to what this will mean for companies in Northern Ireland and those who are investing in Northern Ireland as well. Operating two subsidy control schemes within Northern Ireland would be an incredible administrative burden and cause huge difficulty for public authorities such as Invest NI. There are legal uncertainties and financial uncertainties potentially from offshore risks as well that could dissuade investment. It is an area of concern at the moment.

Q190 Claire Hanna: What opportunities or impediments, if you view it in that way, does our unique dual market access, being in both the UK and the EU single markets, create and what are you doing to harness those opportunities?

Gordon Lyons: Of course, you will understand that my priority is trying to get this issue sorted out because we are seeing the damage that has been done to local companies here in Northern Ireland. I do not think that we should underestimate that in any way. I know people tried to minimise or even dismiss some of the difficulties that people were having, but here we have many cases of small businesses that are being told, "You have the best of both worlds" but, in reality, what they have is huge administrative burdens and the financial difficulties that come from that. We cannot underestimate the difficulties that they are having, and that is why we need to see a solution to it.

Q191 Claire Hanna: I certainly do not think that anyone in this Committee is dismissing the frictions and the difficulties, and it is something that we are working to resolve. I asked you about the opportunities. Do you see



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any opportunities? You were in the Netherlands in November with Invest NI's Going Dutch campaign, which is about promoting investment and export from Northern Ireland to the Netherlands. That is just one example of the opportunity that we have—barrier-free access. Did it not cross your mind that that would not happen if we did not have our access to the single market? Do you not see opportunities beyond just the Netherlands and, as I say, are you doing anything to harness them?

Gordon Lyons: Of course, I think that if we were in any other part of the UK we are still able to trade with the European Union. You are still able to export. The Going Dutch programme is a fantastic example. I was criticised by your constituency colleague in the Assembly for going on that—

Claire Hanna: No, I do not think you were criticised for going, I think you were criticised for being silent about the opportunity.

Gordon Lyons: No, I think I was criticised for being there, but I make no apology for wanting to export into all markets. In particular, the Going Dutch programme is about helping people with that first step into what is a similar market. There are a lot of synergies between the Netherlands and Northern Ireland, and that was to try to give people that opportunity to get in there and to get into markets. I want ease of access into as many markets as possible, Claire, but I don't want that to come at the expense of ease of access to our own UK internal market. I want to find solutions to that so that it is better for all.

Q192 **Claire Hanna:** I will just finish on this, but can I clarify: is it the position of you and your Department that that barrier and tariff-free access that we enjoy to the rest of the EU single market is dispensable and is that something you would be prepared to forgo?

Gordon Lyons: As I have said already, I want to see that ease of access to as many markets as possible. I want us to get into new markets as well. I want to take advantage of all of the opportunities that we have in front of us. That is why we are looking at the United States, we are looking at Europe, we are looking at the UAE. All of these are potential markets that we have to make the most of. I believe that exports are key to achieving some of the things that we have within 10X. I want to see that easing up of that access as much as possible, but we obviously need to resolve the issues with the protocol at the same time.

Q193 **Claire Hanna:** Are you hearing from businesses that that market is dispensable? Are businesses not telling you that they would like to keep their free access to that market? Is that something you are hearing from business?

Gordon Lyons: It is not something that people are coming to me directly about. To be fair, I probably hear more about the problems that companies are facing as well. Those are the concerns that are being expressed to me.



Q194 **Mr Gregory Campbell:** Welcome, Minister and Mr Grocott. It was good to see that you were in America last week on the issue of trying to drum up trade, particularly when some in Sinn Féin were taking huge half-page ads out and spending megabucks chasing moonbeams.

On the issue of the skills gap—which has not only concentrated the Department’s mind but, just looking at the clock now, the last 40 minutes that we have had with you—the skills issue seems to have been predominant in what you have said and in our questions as well. Could you clarify, for example, in the Community Renewal Fund and the Assured Skills Programme what progress you think the likes of them are making in addressing that gap? If you were looking ahead over the next Assembly term, say the next four or five years, how do you see that panning out?

Gordon Lyons: Let me just take the example of the Assured Skills Academy. I have had a significant investor in Northern Ireland come to us and say they are reinvesting and, in fact, doubling the size of their footprint here in Northern Ireland. They said one of the key reasons why they are doing that is because of the Assured Skills Academy. They needed extra skills. They needed that pipeline of talent. They came to us. We very rapidly got training courses set up between the universities, ourselves and business. They say, “You’re agile, you’re small and that is why we are coming back again”. I think that it is a great example of how we have been responding. It does make a difference and it is generating more jobs and more investment in Northern Ireland.

Here is my problem right now. I have big ambitions in terms of skills. I recognise that if we want to be one of the small advanced economies of the world we need to invest in our skills. My draft budget settlement from the Finance Minister, Conor Murphy, would not have allowed me to realise those ambitions. That draft budget would not have allowed me to stand still. In fact, I have had to cut back on many of the programmes that we have put in place that are creating jobs and investment here in Northern Ireland.

For the first time since devolution was restored in 2007 we have a draft budget that did not place the economy front and centre. I recognise the issue around health. It is a big, important issue, but the second biggest issue that we face in the next Assembly term is skills and, unfortunately, we do not have a settlement right now that reflects that.

The UK Government can play a role in ensuring that the shared prosperity funding and other funding now is directed towards that, but I think the Committee also needs to recognise that if we do not invest in the economy and if we do not invest in skills we are all going to be poorer. The Finance Minister’s own Fiscal Council said that this was not a strategic budget. It is simply cutting 2% off every Department, giving it to health, without any outcomes built into that. If we want to make a real difference to Northern Ireland we are going to have to take a much more strategic approach. If you invest in skills and jobs, that takes pressure off



the health service. Evidence shows that. It takes pressure off the justice system. We need a much more strategic approach.

Q195 **Mr Gregory Campbell:** I have one last question, Chairman. On the issue of the importance of the whole skills programme, where would you put, for example, the development as we speak in March 2022 of a number of projects that come under your remit? I am thinking particularly in my local area of the Northern Regional College in Coleraine. How important are those regional colleges to addressing that major issue that you have identified?

Gordon Lyons: Hugely important. You will be aware of the tens of millions of pounds that we have put into the campus in Coleraine. I am looking forward to seeing that open. I have been very clear since coming into this role that our further education colleges are world class and they have facilities that are at industry level, giving fantastic opportunities to our young people. They absolutely contribute to what we are trying to do in our 10X plan because it is in those sectors that we see the potential for growth that will have to be supported by further education colleges. I just wish more parents and more teachers and schools were aware of the opportunities that exist within them. I am going to be continuing to invest in them. We have had a significant capital investment programme and that will continue because we see the importance of it to the local economy.

Q196 **Chair:** Just before we leave that important point, Mr Lyons, you mentioned teachers and parents. You have talked about skills, and the skills wall, I think as we know, is built on the foundation of a good education. That is what sparks aspiration, confidence and so on. Sitting alongside or maybe within your 10X strategy, what is the Executive's plan, vision, hope for getting a deeper and broader understanding of the importance of education and education engagement and learning engagement at primary and secondary level to allow that skills base to flourish?

You know as well as I think all of us around this table will know that there are still some in communities in Northern Ireland for whom the intrinsic importance of education as we transition to a high-skilled economy is not as readily understood as it needs to be, thereby disadvantaging future generations.

Gordon Lyons: One of the things that I have been doing within the Department is a fundamental review of careers and of the careers service, because I think that we leave it too late until we tell people, "Here is how education is linked to a job that you will have, which is linked to the opportunities and the prospects that you will have in the future as well". It is why I want to make people aware at an earlier age that this is why education is important because this is what it can lead to in the future. I want to get that into people's minds earlier and I also want them to be aware of the opportunities that exist.



I want people to be aware also that if you want to do well in life university is not your only option or your only pathway to get there. I look at some of the fantastic opportunities that exist, the jobs that are available right now, that do not require a degree-level education, but the education is there in our further education colleges right now. They really are incredible. We need to make sure that our younger people know from an earlier age about those opportunities that exist but, importantly, we need parents to know as well. That is why I have been very keen in the careers review that this is not just about engaging with schools or with pupils. We do need to engage with teachers in particular, because they need to know about the opportunities that exist, but parents as well are absolutely key. They need to have that pathway. They need to see clearly in front of them the options that are available to them because it spurs them on as well if they know, "If I do A, B and C, I will end up with D opportunities in my life". That is why I want to see that starting much earlier.

Q197 Chair: Is there a strategy for parents? It is all well and good teachers saying education is important, but if when the kids go home there is a sort of, "Ah, well, I have done okay, I'm all right and I haven't got an education" and so on; it suddenly deflates that aspiration bubble in the minds of the young. Is there a strategy about engaging parents who do not have great educational attainment themselves, which of itself can act as a real block for their kids?

Gordon Lyons: There are different programmes in place across the Department for Communities and the Department of Education. For example, within my own Department one of the things that we are looking at in the careers review is how we can inculcate into people this opportunity, this understanding of the opportunities that exist and why education is so important.

I do not think it is in the ownership of any one Department because it is quite a big issue, but it is the case that we need to get it into people's minds that, "There are opportunities that exist and if you want to take advantage of those opportunities here is how you go about it". That needs to be impressed in the minds of young people and their parents.

Q198 Chair: I appreciate it is a big issue, as you say. It is cross-cutting across Departments, but to those parents who are not economically active for whatever reason—and we know that there is quite a cadre of that across the Northern Irish economy—talking about careers progression and skills would be talking to one set—. There cannot just be one message, can there, to parents?

What is the Executive's strategy for underscoring the importance of education, the high-skill economy and so on that you have been talking about that underpins your strategy, to those who are outwith economic activity, who are slightly—let's call it—semi-detached from the economic life of Northern Ireland plc and have no route to get back in either. They are sort of atrophied in a particular time?



Gordon Lyons: There are a couple of things. First of all, you are absolutely right to address the issue. We are doing really well in Northern Ireland in terms of our economic growth. We have a lower than average unemployment rate compared to the UK average. Our big issue is our inactivity rate: 27.5%, among the highest in the UK.

One of the things that I am doing within the skills strategy is looking at creating a culture of lifelong learning. In the first instance, how do we get people who have been out of work or perhaps have not worked for a long time back into the workplace? That will have a generational impact as well.

The second thing that we are doing is looking at how we can get role models into classrooms. I know we have made use of some of our sports stars in the past to get into schools to talk about the need to take advantage of those opportunities that exist and how you go about doing that as well.

It is not easy. It is not something that we can shake a wand at or do overnight, but it is something that we need to address because of that economic activity rate. I think you need to inspire and you need to get it into people's minds about how you take advantage of opportunities that do exist here.

Q199 **Stephen Farry:** I have two very quick supplementaries. The first one is picking up on the Chair's comments. Minister, could you briefly touch on what is happening with the 14-to-19 strategy and the work with the Department of Education in that regard? Secondly, going back to Assured Skills—which of course is an excellent programme—to what extent are investors also highlighting any particular pressure points around the more senior management positions in terms of potential investments? That probably leads into what the Department is doing on wider management and leadership skills more generally.

Gordon Lyons: Unfortunately, we have not made the progress that we would have liked to on the 14-to-19 strategy. There is a huge amount of work involved in that. We want to make sure that we get that right—

Stephen Farry: It has been over 20 years, I believe, trying to get the focus.

Gordon Lyons: You see, an awful lot of work. There has been extensive engagement with the Department of Education on that. We are getting very close, but we turn into pumpkins on Monday night in terms of announcements that we can make, so I don't think we are going to see progress on that.

In terms of senior management positions, it is not something that I have been directly on the receiving end of criticism around. Has that come up through you, Paul?



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Paul Grocott: I think that a relevant point is that we have put innovation at the heart of the 10X strategy, so encouraging senior management to adopt innovation. That is not just the application, that is thinking about innovation in a much broader sense, about how you bring innovation to the business, to supporting businesses to adopt that type of thinking. It is an area that we are going to need to focus on.

Q200 **Claire Hanna:** Do you think the Executive's investment strategy, ISNI, has the potential to address the lack of investment in infrastructure in Northern Ireland, and how do you feel the Executive-wide approach to infrastructure has worked?

Gordon Lyons: We obviously have a strategy now in place, but the same as everything, it is funding to follow that up that is going to be the big issue. I think that we have particular issues around water, and wastewater in particular, but that is where we require the funding and that is currently not in place.

Claire Hanna: What was the last thing you said? I did not catch it.

Chair: Mr Lyons, we did not catch the end of your sentence.

Gordon Lyons: Oh, right, okay. You are going to need the funding to get that in place and that is going to be the difficulty that we face. If you want to talk about infrastructure and investment, I think that you have to look at the success also, Claire, of Project Stratum. That has been a massive step forward for Northern Ireland as a result, as you will be aware, of the DUP-Conservative confidence and supply agreement.

As a result of that, tens of thousands of properties are now connected to high-fibre broadband. That is an incredible achievement that we have been able to deliver, and it does make and is making a real, tangible difference. You will be glad because of the efforts of myself and my party that we have been able to deliver that, but hopefully we can make progress on other areas, too.

Q201 **Claire Hanna:** Looking at net zero and decarbonisation, to what extent is your Department's strategy aligned with that agenda? In terms of the inquiry that we are doing, how should UK Government investment be directed to support decarbonisation?

Gordon Lyons: They are exceptionally closely aligned. The energy strategy that I published in December time flows directly and matches up with the objectives that we have in 10X.

Where do I think some of the investment should be directed? I think the hydrogen opportunities that we have in Northern Ireland would be good. We have a lot going for us. It is not often that we are ahead of the rest of the UK on some of these issues, but take the potential for hydrogen. We already have a high degree of renewables in Northern Ireland. We have good connectivity north-south and east-west.



We have a relatively small geographical area and we have the northern gas network that GB does not have in terms of the pipes and so on, which means we already have that blend of hydrogen or exclusively hydrogen as well. We have a big problem when we cannot store renewables. Hydrogen is the solution to that. That takes us closer towards our net zero targets, but, importantly, it makes energy more affordable and a more secure supply so that we are not dependent on foreign sources of fossil fuel. Politicians often throw out this word “game-changer”. This does have the potential to be a real game-changer in Northern Ireland and it is what investment should be directed to.

Q202 Ian Paisley: Minister, thank you for that on the hydrogen. Obviously, I agree with you, this is a game-changer in terms of industrial jobs that it can create as well as greening the economy. It is the only thing I agree with greening, by the way. In terms of the next step when it comes to hydrogen, how close are we to support from Government for an investment in an electrolyser plant in Northern Ireland to help with the hydrogen infrastructure drive?

Gordon Lyons: I have put hydrogen prominently within the energy strategy because I see the advantages that can come from that. There is lots that I want to do within the energy strategy, but again it comes down to funding. I would love to see that developed. Ian, you will be well aware of the opportunities that exist in Ballymena. I was there for the launch of the hydrogen academy. I have seen first-hand how that technology has developed. I want to get towards that point. I want to get towards it very soon, but again it will be funding dependent.

Q203 Ian Paisley: I have one other point on infrastructure and hydropower as opposed to hydrogen power. Have there been any significant applications for investment in hydro turbines for Northern Ireland as a power source and a source of power security?

Gordon Lyons: Not at this stage as far as I am aware. One of the things I have said is that yes, I want to see an increase in renewables to reduce our dependence on imported fossil fuels. I also want to see a more diverse supply of renewable energy. Opportunities that come from tidal, hydro and geothermal are areas that we should also be looking to exploit, and a little bit of solar energy and high-grade wind as well. We want to make sure that that supply is as diverse as possible.

Q204 Ian Paisley: If applications come forward, what sort of a package has the Department available to resource such applications? These are applications that can only be supported with Government funding.

Gordon Lyons: That is all part of one of our action points for this year—looking at how we can best support new renewables, we can ensure that we are giving financial support to those that give us the best returns. That will be looked at this year.

Q205 Ian Paisley: Is there any ability for you to connect with UK national funding programmes for those green energy projects? Can you draw down from those funds, and does that have a consequence elsewhere in



your budget?

Gordon Lyons: Absolutely. We need to draw down as much funding as we can for these projects, especially where we can show there is going to be benefit from that. It is not going to be possible for us to do this within the funding that I have from the draft budget.

Chair: Mr Lyons, your sound is going a little bit.

Ian Paisley: Could you repeat the answer? That would be helpful.

Gordon Lyons: If you look within the funding that I have available in the draft budget—I don't have a funding envelope for that—that is why I will be looking to take advantage of funding that we draw down from the Government to contribute to our national net zero goals as well.

Ian Paisley: Chair, that might be something we as a Committee could recommend, being able to resource some of these big infrastructure projects with national funding.

Q206 **Chair:** Yes, indeed. Mr Lyons, a final—I was tempted to say "observation", but in fairness to you I will pose it as a question. You have given us a huge amount of information and clearly your Department is doing a great deal of thinking and strategising on all of this, and that appears to be a cross-Executive endeavour. I have been struck this morning by your grasp of the importance of making sure that the next generations are better equipped in skills and the economy and so forth.

You also referenced your desire to make sure that local decision-makers decide where money is spent and how it is spent, rather than being a top-down Westminster issue, in order to maximise the local bang for the local buck.

Call me naive if you will, but that speaks back to me surely and probably to you—you mentioned that you become a purdah pumpkin on Monday—of the absolute desirability and essential nature of ensuring that devolution continues to function in Northern Ireland, otherwise the great work that sits behind 10X, your skills and endeavours, your investment strategies and elsewhere, come to naught if we find ourselves in a sort of zombie-like devolved situation.

Gordon Lyons: Yes, and I want to see an Executive after the election. I want to make sure that we are in a more stable position. After the election we can deliver these things, which will build in success for Northern Ireland.

You will also be aware that the protocol is poisoning our politics right now. There is a need to bring this to the head. We have gone from the position of many people saying there were either no problems with the protocol, they just wanted the rigorous implementation of the protocol, to many people recognising that there are problems with the protocol and saying they can be dealt with, but we still have no action and no action has been taken. We have been exceptionally patient, but we need to see action. That is not for any narrow party-political purpose but because it



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affects everybody in Northern Ireland.

Therefore, of course, I want to move forward and I want to see an Executive in place, but that will be dependent upon the poison being taken out of politics here, which has been caused by the protocol. I think that there is a way forward. There is a way that we can get this sorted out. I believe Northern Ireland moves forward when Unionists, Nationalists and others are brought into the process. That is not the case right now. There is huge concern right there, so let's get that sorted out. Let's do that quickly so that we can move on and get things done.

Chair: I would put it to you, from the Westminster perspective, that those debates, discussion and inputs would be better informed and more likely to be successful with a functioning Executive feeding directly into the political process here the experience of businesses and individuals across Northern Ireland. That again underscores what you know—from earlier discussions that you and I have had—has long been my view. That we need to keep devolution up and running.

Mr Lyons, Mr Grocott, I am grateful to you for your time this morning. Thank you very much indeed. Enjoy your period as a pumpkin. We look forward to the pictures. Thank you.