Northern
Ireland
Office

The Rt. Hon. Conor Burns MP
Minister of State
Northern Ireland Office

1 Horse Guards Road
London
SW1A 2HQ

Erskine House
20-32 Chichester St
Belfast
BT1 4GF

E: correspondence@nio.gov.uk
www.gov.uk/nio
Follow us on Twitter @NIOgov

Mr Aaron Bell MP, Ms Tracey Crouch MP, Ms Rebecca Long-Bailey MP
Science and Technology Committee
House of Commons
Palace of Westminster
Westminster
SW1A 0AA
By email: scitechcom@parliament.uk

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Dear Colleagues,

SCIENCE AND TECHNOLOGY IN NORTHERN IRELAND

Thank you for your correspondence dated 19 July. I appreciate your interest in the science and technology sectors in Northern Ireland and agree on the importance of each Government department facilitating progress where possible. The Northern Ireland Office plays a key role in unlocking potential and I am pleased that we have made significant strides in this direction, building on existing strengths with the aim of making Northern Ireland a world leader in innovation.

Belfast is currently Europe's leading foreign direct investment destination for new software development, with investors including Allstate, Cybersource, Fujitsu, TSYS, Commscope and WANdisco. The city has also been named the world's number one destination globally for fintech development investment projects. Moreover, Northern Ireland is the top international investment location for US cyber security firms and is becoming ever more prominent: we are on course to deliver on a commitment set out in the New Decade, New Approach agreement to have 5000 cyber security professionals in Northern Ireland by 2030. Alongside a world-renowned reputation in advanced manufacturing, these successes speak to a bright future for science and technology in Northern Ireland, one that the Government is underpinning through record investment. I fully recognise that there is more to be done, however, and am keen to maintain momentum during my tenure as Secretary of State.

You raise a number of important points in your letter, and I am happy to offer responses to your queries.

The Belfast Region City Deal

The Full Deal Document for the Belfast Region City Deal was signed in December 2021, unlocking £1 billion of transformative co-investment for the region. The Deal Document provided both the political commitment and agreement from the NI Executive, UK Government and the Deal partners to proceed with its delivery. As such, the delivery of the Belfast Region Deal is not directly impacted by the lack of an Executive and can continue to proceed with its delivery under the current political circumstances. However, there is no doubt that the Northern Ireland economy, including the research and development sector, thrives best under stable political conditions which provide certainty for industry and businesses. That is why the UK Government has been consistently clear on the need for all the Northern Ireland parties to return to a fully functioning Executive as soon as possible.

City and Growth Deals represent significant and transformative investment packages and it is important that the governance structures in place to support the Deals are robust and thorough to ensure that the potential of the investment is maximised. Equally, my department has been working to cut through any unnecessary bureaucracy and deliver pragmatic solutions where possible. We are, nonetheless, aware of the frustrations of the Belfast Region City Deal local councils and partners on the pace of delivery of the deal, particularly around issuing Contracts for Funding which allow funding to be drawn down for project delivery.

I am pleased to update that Contracts for Funding for the Belfast Deal have now started to be issued which will allow funding to begin to flow to projects. As noted in the evidence session, this began with the Studio Ulster Project, the contract for which was issued on 1 July. The NI Civil Service anticipates that contracts for a further six projects will be issued by the end of September. These will include contracts for the Advanced Manufacturing Innovation Centre; Global Innovation Institute; Centre for Digital Healthcare Technology and; the Institute for Research Excellence in Advanced Clinical Healthcare all of which sit within the Deal's Digital and Innovation Pillar.

The Northern Ireland Office's role in delivery of City and Growth Deals in Northern Ireland is to bring NI Executive Departments, relevant UK Government Departments, Councils and project partners together to deliver the best possible outcomes across Northern Ireland. As part of this role, the Northern Ireland Office co-chairs the City and Growth Deal Delivery Board as a forum for NI departments, NIO, DLUHC, HMT and other stakeholders to discuss challenges facing the deal, monitor risks and identify potential opportunities. We continue to utilise these mechanisms to encourage Deals and NI Executive Departments towards ambitious timeframes for delivery and to maintain momentum across the four Northern Ireland Deals. However, it is important to note that under the current structure for Deals in Northern Ireland, it is the relevant NI Executive departments that are responsible and accountable for all projects within the Deals. This includes the approval of business cases and release of funding.

Levelling-up

The Government is fully committed to levelling up those parts of the United Kingdom that have not had the opportunities and economic benefits that more prosperous areas enjoy. We are doing this in several ways, including through direct investment in people and local infrastructure. The Levelling Up Fund has delivered £49m of investment to Northern Ireland so far, helping to support town centre redevelopment and upgrade local facilities. The Community Ownership Fund supports those who know their communities best to take control of assets at risk of being lost. The new UK Shared Prosperity Fund, worth £127m in Northern Ireland over the next three years, will enhance community strength, support local business and invest in people. The Northern Ireland Office is supporting DLUHC in the delivery of all of these funds, providing valuable analysis of the unique NI social context and economic picture. As Secretary of State I will have a role in advising on funding outcomes, and I will do so with a view to ensuring that investment is targeted where need is greatest.

With regard to Research and Development (R&D), this Government has set a number of targets which have relevance to NI. We have set a cross-Government mission to increase domestic public investment in R&D outside the Greater South East by at least 40 percent by 2030, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth. To support this mission, the Department for Business, Energy, and Industrial Strategy (BEIS) will aim to invest at least 55% of its total domestic R&D funding outside the Greater South East by 2024-25. BEIS has given UK Research and Innovation (UKRI) a new organisational objective to support levelling up, and increase consideration of local growth criteria and impact in R&D fund design. BEIS will also deepen cross UK-collaboration on R&D by convening a biannual meeting between the UK Science Minister and respective Ministers within Scotland, Wales and NI.

I fully recognise that NI needs increased investment in the R&D sector. NI has a smaller share of firms that are 'innovation active' than other parts of the UK and the share has been declining over the last decade. That is why this Government is committed to driving innovation in NI through partnership with Whitehall and NI Executive departments. The suite of R&D initiatives announced in the Levelling Up White Paper complements existing investment through the Strength in Places Fund (SIPF) to support Levelling Up - over the next three years, £200 million will be invested in 12 projects across the UK including to the decarbonisation of maritime transportation in NI and Smart Nano NI projects. UK Research Partnership Investment Fund (UKRPIF) managed by Research England is open to proposals from all nations and regions of the UK. The Institute of Health Sciences at Queen's University Belfast has received £10,500,000 through UKRPIF to support its multidisciplinary approach to investigating the mechanisms of disease and the next round of UKRPIF funding, with £100m available, is open to bids until early August.

With regard to Catapults, they have a presence across all UK nations. This includes the Digital Catapult's NI Centre. Digital Catapult NI was launched in October 2016, co-funded by Digital Catapult and the NI Department for the Economy (DfE). The centre focuses on enhancing and building the NI digital ecosystem by increasing small to medium sized enterprise (SME) involvement in digital innovation. It has worked to raise the profile of digital innovators in the region and create collaborations between innovators and industry. This has led to greater uptake of advanced digital technologies across NI businesses.

The Advanced Research and Invention Agency (ARIA), is the UK's new agency for high risk research, has huge potential to impact innovation right across the whole UK. ARIA is being designed with the core principle of operational and strategic autonomy, placing funding decisions in the hands of specialist technical experts rather than central government. The Government has been working with each of the devolved administrations through the passage of the ARIA Act 2022, and developed memorandums of understanding setting out the body's independence. The previous NI Executive agreed in principle to the signing of this MoU, allowing it to be published, and it is intended that formal assent will be sought from the incoming NIE in due course.

With regard to the R&D Infrastructure Roadmap, UKRI delivered a Review of the UK's research infrastructure landscape and an Opportunities document that set out possible new investments in various key themes, such as energy, environment and the arts. Both documents were not geographical assessments but based on key research themes, so NI was not excluded per se. These two documents are informing work with the National Science and Technology Council on what the UK needs to do on infrastructure, across the UK to make the UK a science superpower by 2030. UKRI is also developing a strategy for long-term investment to develop a national Digital Research Infrastructure. This builds on and updates the existing evidence base, including the findings of the UKRI infrastructure roadmap programme, the UK Research and Development Roadmap (2020), the UKRI Environmental Sustainability Strategy, and the perspectives of individual Councils.

The vision is to work collectively to deliver, within five years, a coherent state-of-the-art national Digital Research Infrastructure that will enable UK researchers and innovators to harness the full power of modern digital platforms, tools, techniques and skills. At the core of the strategy are five inter-related strategic themes: Data Services for Researchers and Innovators; Pioneering Computational Research; Securing Trust in Data-intensive Research; Building Skills and Career Pathways; and Foundational Tools and Techniques. This strategy is not geographically limited and the decision on where to invest will depend on the nature of the assets being sourced and how they best align to the strategy and the surrounding R&D ecosystem.

An independent review into the role of UKRI indicated that NI received less than 1% of total funding paid out by the UK's main research body in 2020/21. My department is considering how best to maximise support for innovation with partners across Government and in Northern Ireland.

Skills

While skills is a devolved issue in NI, this Government is investing in NI's skills as part of our mission of levelling up all regions of the UK. Working in partnership with the Department for the Economy (DfE), we have invested £15m from the New Deal for NI in Skill Up. This significant investment has unlocked an additional £8m investment by DfE to fully deliver the initiative. Skill Up will fully fund approximately 20,000 training places across Northern Ireland's further education colleges and universities,. reducing the skills imbalance and ensuringNI has a pipeline of skilled people in key growth areas such as Digital, Green Technologies, Life and Health Sciences, Advanced Manufacturing and Engineering, and Health and Social Care.

Additionally, Invest NI has a broad Skills Development portfolio which includes support for a range of initiatives focused on improving skills supply in NI. This diverse portfolio introduces NI businesses to training needs best practice and is designed to help NI businesses identify their training needs, manage training in a cost effective manner and improve employee skills and motivation. This support helps NI businesses to develop the competitive edge they need to thrive.

In addition, our ongoing work with DLUHC on the UK Shared Prosperity Fund will place a central focus on skills development, particularly for those who are removed from the labour market. "People and skills" is one of the three core strands of this Fund, which will also invest £22m in a brand new adult numeracy programme, Multiply. My officials have regular conversations with Executive departments to explore how UKSPF and other direct funding interventions can best align with existing devolved spending and strategies, so that we can avoid duplication of outcomes and maximise impact.

Whilst the Government's wide-ranging investment and ambitious policy initiatives are making a sizeable impact in Northern Ireland, we of course need a functioning Executive in order to maximise progress. That is why I am determined to see a return to power-sharing government at Stormont as soon as possible, so that locally elected MLAs can deliver on devolved strategies including those that relate to science and technology.

Thank you again for taking the time to set out your thoughts. I look forward to working with the Committee.

Yours ever,