

Written evidence submitted by Thales, relating to the Investment in Northern Ireland inquiry (INI0013)

Introduction

Thales is a global technology business operating across the Aerospace, Defence, Digital Identity and Security, Space and Transport sectors. In 2017, Thales contributed over £1.7 billion to the UK's GDP, supported over 27,000 direct, indirect and induced jobs and the average productivity of a Thales employee was over 40% higher than the national average. We pride ourselves on bringing high tech jobs that drive balanced, sustainable growth, and contribute to building inclusive economies, and delivering prosperity to people everywhere across the UK.

With a 60 year heritage in world class engineering, the Thales in Belfast is a leading high technology company and the sole prime manufacturer of defence and space equipment in Northern Ireland, employing around 500 people in the defence and space sectors and supporting employment and prosperity through the local supply chain.

According to Oxford Economics, in 2017, Thales Belfast made a total contribution to Northern Ireland's GDP worth £51 million with Thales Belfast's staff average pay in the top ten percent of all employees in Northern Ireland. Thales Belfast also supports an ecosystem of suppliers and 91% of our local procurement in Northern Ireland is with SMEs.

Through the design and production of high precision, high volume effectors and fire control systems, as well as the integration of weapons onto tactical platforms, Belfast has developed into a centre of excellence for Thales's air defence and surface attack solutions.

Thales Belfast is also the site of our global Space Propulsion Integration Centre. With the support of UK Government and Invest Northern Ireland, Thales was able to invest in the development of a global centre of excellence which now provides the propulsion system for all Thales large satellites globally.

Investment in Northern Ireland

As a company with a global presence across 68 countries, Thales Group has a significant number of options when choosing where to invest. Clarity around ambition and Government commitment to a region or to a sector can provide significant driver for the UK to be chosen as a place for investment for a specific purpose. Of course, where there is also a prospect for matched or shared funding, that also contributes as a draw for FDI.

An example of that clarity, support from regional funds and resulting investment is well exemplified by how Thales has developed our space activity in Northern Ireland.

In December 2015, the Government welcomed industry's ambition to capture 10% of the global space market by 2030 and published its first National Space Policy. In 2016, Thales Alenia Space (TAS) took the decision to invest £6 million to create a global centre of excellence for electric propulsion systems at our Belfast site.

The centre could have been placed anywhere in the world but the combination of a clear ambition from UK Government, a supportive devolved administration and Invest Northern Ireland investment,

and the high precision engineering skills already present on site played a crucial role in the decision to locate this capability in Belfast.

TAS delivered the UK's first all-electric propulsion module designed and built in the UK, the Spacebus Neo Xenon Propulsion System (XPS), in 2018 and we are very proud that electric propulsion units built in Northern Ireland are now in orbit on satellites operated by customers from around the world.

We hope that now the Government has produced the National Space Strategy, we will see the commitment to levelling up mean that UK space programmes are focussed on UK delivered content and that Thales Belfast can start to build for UK customers.

The Government's new social value metrics for making public procurement decisions could also act as an incentive to invest in Northern Ireland.

Mechanisms could be put in place to connect regional funding pots to investment that addresses the skills gap and increases employment opportunities. In Wales, Thales has partnered with Welsh Government on the National Digital Exploitation Centre (NDEC).

As part of the "Tech Valleys" initiative, NDEC is a £20m partnership between Thales, Welsh Government, and the University of South Wales; the funding formula for NDEC is aligned to the aims of growing cyber skills in the South Wales Valleys in order to support economic regeneration and digital growth.

The NDEC education project works with schools and communities to develop outreach and resources, which support people into cyber security and wider digital industries. We also deliver free cyber security training to SMEs across South East Wales, to support their own digital growth.

Connecting funding to this kind of outreach activity around a specific skillset could similarly work to boost skills and employability in Northern Ireland.

The importance of skills and education

Having the right level of suitably qualified and experienced personnel (SQEP) is central to Thales's success in Belfast; the importance of having the right skillsets and talent coming through into the business is cannot be overstated.

Thales has a strong commitment to investing in Northern Ireland's future talent. We support research at one of Northern Ireland's leading universities, Queens University Belfast, on a wide range of topics including cyber security, aerodynamics and advanced networking and communications.

As well as our work with universities, Thales supports STEM outreach in primary and secondary schools in Northern Ireland.

Working with Primary Engineers, Thales supported the Primary Engineer & Secondary Engineer Leaders Award for Northern Ireland, giving local school pupils the chance to meet engineers from Thales and interview them to identify problems in everyday life that could be solved by engineering and begin to design to solutions to them.

It is vital that young people in Northern Ireland see that they do not have to leave their home to have a good career and can work at the cutting edge of technology. As referenced above, there could be the potential of tying regional funding to outreach and educational activities to support building skills and- more importantly- ambitions for young people in Northern Ireland.

Sectors for growth

We were extremely pleased to see the Northern Ireland Executive's focus on innovation in 10x economy plan and believe that this is the right approach to supporting Northern Ireland's economy.

Thales believes that, with the right support, there is strong potential to grow the economy in sectors that will support the UK's global ambitions both in terms of export and as leaders in certain technology areas.

Space is a sector that we believe has strong potential in Northern Ireland. As referenced above, Thales Alenia Space's global electric propulsion centre of excellence in Belfast is central to the

Thales Alenia Space sees space as a new horizon, helping to build a better, more sustainable life on Earth. We continue to look at opportunities to grow this footprint in Northern Ireland and support from UK Government for UK based space manufacturing outside the traditional large prime would enable us to do that.

In advanced manufacturing, through the design and production of high precision, high volume effectors and fire control systems, as well as the integration of weapons onto tactical platforms, Thales Belfast has developed into a centre of excellence for Thales' air defence and surface attack solutions.

In recent years, Belfast has also become an increasingly important part of the Thales export strategy. From Belfast, we are delivering cutting edge exports to the world with successes and prospects in Asia, the Middle East and the USA.

We believe that UK Government should be looking to shore up this leading capability by investing for the long term. Thales believes that the Lightweight Weapons Portfolio proposal is also an opportunity for the UK Government to secure and grow significant economic value and new jobs in Northern Ireland.

Thales has made a detailed proposition to UK MOD that allows the procurement of a family of lightweight weapons to fill critical forthcoming capability gaps in an affordable manner. This is delivered through a Portfolio Partnership that reduces the cost compared to purchasing these individually and delivers a raft of associated benefits to MOD and UKG.

We believe that a Portfolio style agreement offers the UK Government an opportunity now to support high tech, high skilled jobs and bring valuable long term stability to a key sector in the Northern Ireland Economy. This will secure short term and long term prosperity which has an impact across the UK. It also offers the opportunity to build on a huge global export success that Thales Belfast has shown with these capabilities over the last 10 years.

Furthermore, Portfolio has the potential to save the taxpayer £1.7bn over the next 20 years but timing and pace is essential to secure this.

Thales in Belfast is also supporting advanced manufacturing development in Northern Ireland through our involvement with the COREF (COConnected RE-configurable Factory) project; COREF is an Aerospace Technology Institute (ATI) co-funded R&T program with a total value of £10.3M (3-year duration) of which Thales UK are the lead partner.

COREF is an ambitious 3-Year project which will help develop the “Factories of the Future” and will create two open-access, digitally connected innovation labs to enable companies to increase the efficiency of their electronic systems design and assembly processes. There will be a physical lab in Belfast and a digital lab in Crawley, working alongside a network of academia and SME from across the UK.

The physical lab in Belfast will test emerging and next generation technology which might include industrial IoT smart and connected benches, robots/co-bots and AR. With a strong manufacturing base, especially in aerospace, we believe Northern Ireland would particularly benefit from more of these types of investment due to its specialist manufacturing sector.

Conclusion

Thales are hugely proud of our engineering heritage in Northern Ireland and determined to see that last long into the future, continuing to find and support home grown talent and provide good, high skilled jobs.

We will continue to advocate for Northern Ireland as a great place to do business and a leading part of the UK for innovation and hope that UK Government will match their levelling up ambitions with investment into Northern Ireland.

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