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FIRST DAY BRIEF

February 2024

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1. OUR DEPARTMENT

1.1 Departmental Vision, Mission and Strategic Objectives

- The Department for the Economy (DfE) was established in May 2016. The vision, mission and strategic objectives of the Department are set out below.

OUR VISION

Northern Ireland prospering through a decade of innovation which will deliver an economy that is ten times better than it is today, with benefits for all our people.

OUR MISSION

To develop and implement agile policies and programmes which promote a competitive, sustainable and inclusive economy through investment in:

- Skills;
- Economic infrastructure;
- Research and innovation; and
- Business development.

STRATEGIC OBJECTIVES

1. Accelerate innovation and research.
2. Enhance education, skills and employability.
3. Drive inclusive, sustainable growth.
4. Succeed in global markets.
5. Build the best economic infrastructure.
6. Deliver a regulatory environment that optimises economic opportunities for business and commerce, while also protecting consumers and workers.
7. Ensure the Department has effective governance, including programme and project management arrangements, and manages its resources, both financial and its people.

1.2 Economic Context

- The local economy continues to recover from a series of shocks over the past three years, with Covid having had a profound impact on our economic output and labour market, and the Russian invasion of Ukraine compounding post-Covid inflation with surging energy and food prices. The resulting inflation was the highest in 40 years, prompting a robust series of interest rate rises from the Bank of England.
- Concerns around interest rates and inflation have weighed heavily on economic activity and consumer confidence in Northern Ireland, where households are generally more exposed, due to lower income levels and a higher proportion of disposable income spent on food and energy compared to GB.

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- While CPI dropped to 3.9% in November, it increased again to 4.0% in December, and inflationary pressures remain a concern for many.
- Local business activity has had a somewhat fluctuating recovery, with a technical recession over the summer of 2022, followed by positive growth in Q4 2022 and Q1 2023, then negative growth of -0.5% in Q2 of 2023 before returning to positive growth of 0.6% in Q3. The latest indicators from the Ulster Bank Purchasing Managers' Index show that business activity increased for the first time in six months in December, with the latest NI Chamber intelligence indicating that despite some lingering concerns, most key indicators were positive, with firms reporting increasing employment and confidence for the year ahead.
- The broader NI labour market remains relatively robust, with the latest Labour Market Report from NISRA showing that almost all key indicators have continued to improve over the past year. Longer-term challenges remain however e.g. NI economic inactivity remains high in comparison to other jurisdictions.
- The Windsor Framework came into effect on 01 October and despite a degree of uncertainty in the run up, NI businesses appear to be continuing to adapt to the new NI trading conditions with the latest post implementation intelligence indicating that the new arrangements are running smoothly for most and that work is ongoing to iron out issues and difficulties as they arise. Some uncertainty remains about upcoming phases (especially in relation to groupage or mixed loads) though this appears to be waning as business's planning progresses.
- A recent Credit Union survey reported that local consumer confidence remained subdued in November 2023, with just under half of respondents stating that their households were worse off financially compared to 12 months ago, two fifths expecting it to deteriorate further over the coming 12 months and a third anticipating that they will delay major expenditures.
- The latest local forecast for the NI economy was released by the UUEPC on 17 January and estimated that the local economy will have grown by 0.9% in 2023, and that it will expand by 0.8% in 2024, slightly outpacing UK growth. PwC's latest forecast points to slightly lower NI growth of 0.6% in 2023, though still estimates that the NI economy is expected to have been among the fastest growing regions in the UK in 2023. Medium term growth beyond this is expected to remain marginal and subject to a high degree of uncertainty.

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2. DfE BUDGET

2023-24 Budget

Table 1 below outlines the various budget control totals in DfE. These are based on the latest position submitted to DoF, as DoF has not processed all adjustments it remains open to change.

Table 1 - 2023/24 DfE Budget Control Totals

Description	
	£m
Non Ring-Fenced Resource Departmental Expenditure Limit (DEL)	783.2
Ring-Fenced Resource DEL Depreciation and Impairment ¹	40.6
Ring-Fenced Resource DEL Student Loans Resource & Budgeting (RAB) Charge	190.0
Ring-Fenced Resource DEL Student Loans Stock Charge ²	TBC
Capital DEL	207.5
Financial Transactions Capital (FTC)	4.4
Annually Managed Expenditure (AME)	557.1

Notes to Table

1. A £2.4m bid for additional funding has been submitted to DoF, as the outcome of the bid is not yet known it is not included in the figure provided.

2. This is set by HMT and we still await confirmation from them on the amount, it is anticipated to be no higher than £520m.

Non-Ring-Fenced Resource DEL

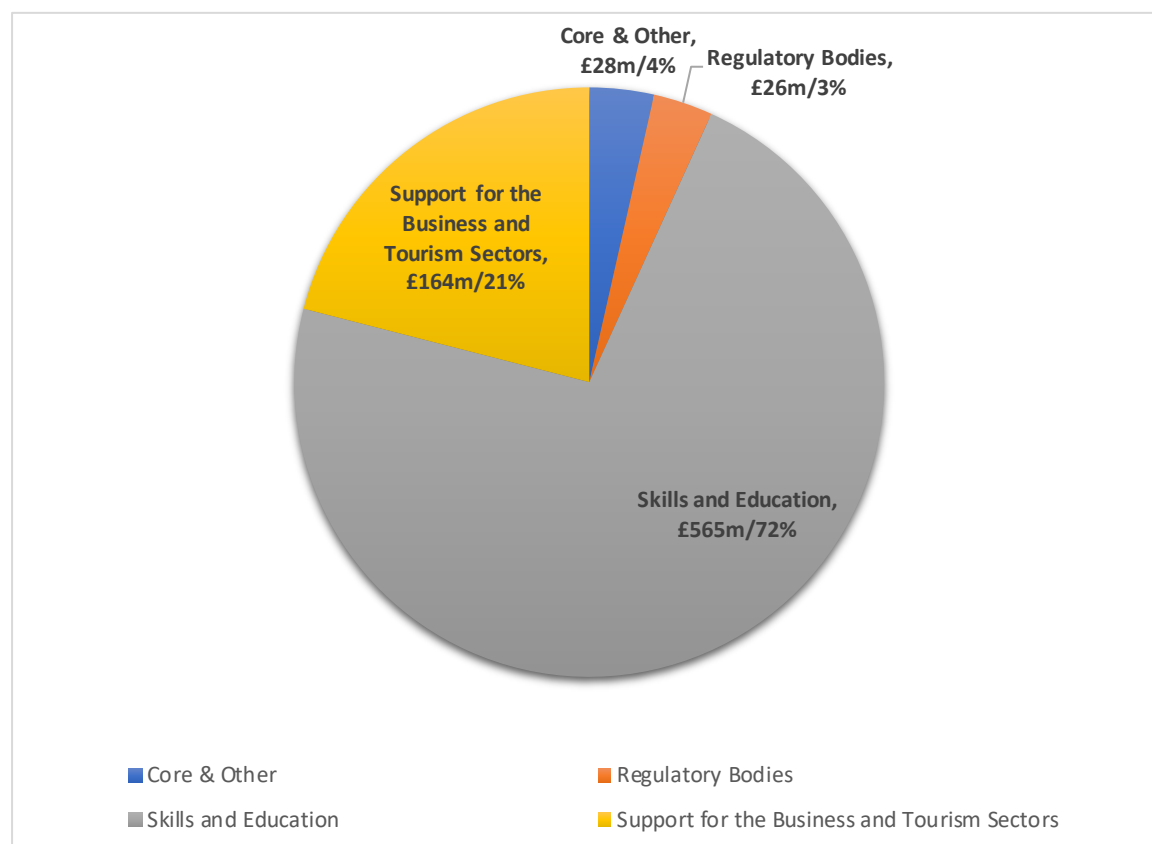
As set out in Table 2 below, the Department's 2023/24 non-ring-fenced Resource DEL budget allocation is £783.2 million. This is made up of £746.8 million of controllable funding and £36.4 million of ear marked funding for specific projects and programmes.

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Table 2 - 2023/24 DfE Non Ring-Fenced RDEL

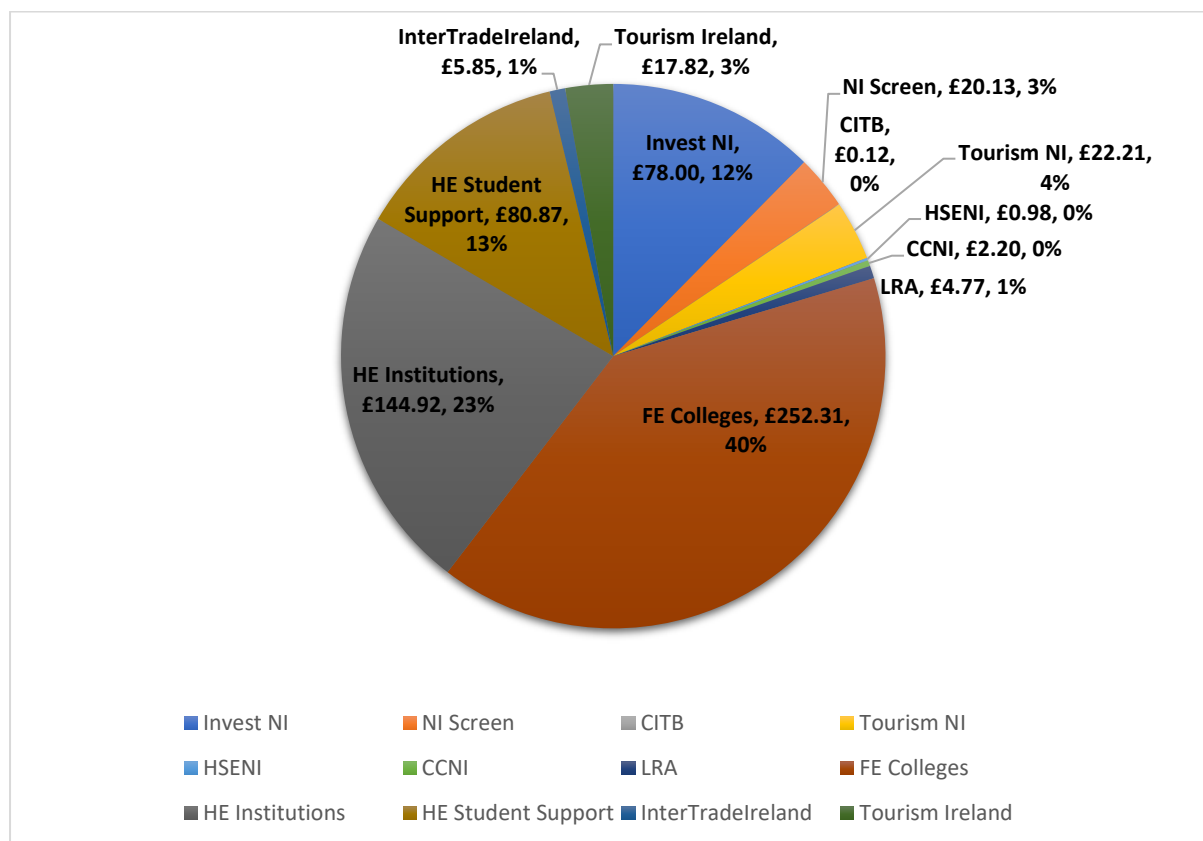
Description	DfE Controllable RDEL	DoF/UKG Ear Marked RDEL	Total DfE RDEL
	£m	£m	£m
DfE Allocation Per SoS Budget	747.4		747.4
NIO Trade & Exports – New Deal		3.4	3.4
NIO Skills – New Deal		5.0	5.0
NIO NIO Skills Employability & Entrepreneurship		10.6	10.6
UK Government (UKG) GEMS Funding		1.8	1.8
UKG Protocol		12.4	12.4
Flood Damage Business Support Grants		1.1	1.1
UKSPF		0.7	0.7
City of Derry Airport PSO		1.1	1.1
Peace & Interreg Match		0.3	0.3
In-Year Technical Adjustments	-0.6		-0.6
Total Current 2023/24 Budget	746.8	36.4	783.2

Chart 1 below outlines the distribution of the current 2023/24 Non-Ring-Fenced Resource budget of £783.2 million by sectors.



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Chart 2 below outlines the 2023/24 funding distribution to Arm's Length Bodies (ALBs) and our Higher Education Institutions (HEI's) including Student Support – total £630.19 million.



Capital DEL

The Department's conventional Capital DEL budget for 2023/24 is £207.8 million which includes £44.5 million of ear marked funding for specific projects and programmes.

Table 3 - 2023/24 DfE Conventional Capital DEL

Description	Opening Position	In-Year Adjustments	Total CDEL
	£m		£m
Controllable Allocation	178.9	-15.6 ¹	163.3
Ear Marked Allocations			
City Deals	29.8	-23.9 ²	5.9
Project Stratum	37.2		37.2
NI Protocol	0.3		0.3
Flood Damage Business Support Grants	Nil	1.1	1.1
Total DfE CDEL	246.2	-38.4	207.8

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Notes to Table

1. This relates to transfers between Government Departments.
2. Reduced requirements due to project slippage.

DfE also has Financial Transactions Capital of £4.4 million.

AME

As set out in Table 4 below, the Department's 2023/24 AME allocation is £557.1 million.

Table 4 - 2023/24 AME

Description		
	£m	
AME Capital - Student Loan Outlay, Interest Charged and Repayments		489.8
AME Resource		
Student Loans Required Accounting Adjustments	-5.3	
ALB Pensions	4.9	
RHI Payments	28.0	
Revaluation of Assets Provision (Mainly Invest NI)	38.0	
Other Provisions	-8.1	
Corporation Tax Invest NI	0.7	
Total AME Resource		58.2
AME Depreciation Impairment – Revaluation of Assets		9.1
Total Annually Managed Expenditure (AME)		557.1

Summary of DfE Current Financial Position

DfE remains on target to live within its 2023/24 budget allocation.

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3. DfE Partner Organisations

The Department's services are delivered in partnership with a range of other bodies – a brief synopsis of each is below:

Sponsored Bodies	Role of the Body
Arm's Length Bodies (ALBs)	
Invest Northern Ireland (Invest NI);	To grow the local economy by helping new and existing businesses to compete internationally, drive high value job creation, and by attracting new inward investment to Northern Ireland.
Northern Ireland Screen (NIS);	To accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.
Construction and Industry Training Board–Northern Ireland (CITB-NI);	Encourages the adequate training of those employed or intending to be employed in the construction industry and to improve the skills and productivity of the industry in Northern Ireland.
Tourism Northern Ireland (Tourism NI);	Responsible for the development of tourism and the marketing of Northern Ireland as a tourist destination to domestic tourists, from within Northern Ireland, and to visitors from the Republic of Ireland.
Health and Safety Executive for Northern Ireland (HSENI)	Promotes and enforces health and safety at work standards in Northern Ireland.
Consumer Council for Northern Ireland (CCNI)	Provides free, independent support and advice for all consumers and businesses in Northern Ireland. They also have powers to investigate complaints about energy, water, transport and postal services and undertake research to understand local consumer issues.
Labour Relations Agency (LRA)	To promote the improvement of employment relations in Northern Ireland.
Stranmillis University College	Stranmillis is the only Higher Education Institution in the UK that is also an Arm's Length Body. The institution is focused on undergraduate and post-graduate courses for those looking to qualify as teachers and on continuing professional development for the teaching profession. They also run undergraduate provision focused on sport and on early years.
Further Education (FE) colleges: <ul style="list-style-type: none"> - Belfast Metropolitan College (BMC); - Northern Regional College (NRC); - Southern Regional College (SRC); - South West College (SWC); - South Eastern Regional College (SERC); 	<p>The six FE colleges are key providers of vocational and technical education and also provide support for businesses to innovate and become more productive. Colleges fulfil a dual mandate of social and economic inclusion, supporting learners and communities to thrive and flourish.</p> <p>Through industry focused curriculum development, FE Colleges offer courses and programmes at all educational levels, tailored to the specific needs and requirements of their learners and localities. Colleges have strong links</p>

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<p>- North West Regional College (NWRC):</p>	<p>with business, as well as contributing significantly to welcoming newcomers through the provision of English for Speakers of Other Languages (ESOL) and practical student support to enable learners to successfully complete their chosen course of study.</p> <p>Recent successes for FE include a strong performance at WorldSkills National Finals and successes in bidding for alternative funding sources.</p>
<i>Autonomous Higher Education Institutions</i>	
<p>Ulster University</p>	<p>A multi-campus university in Northern Ireland with centres in London and Birmingham, UU is ranked in the top 500 universities worldwide and has noted research strengths in areas such as biomedical sciences and nursing. It is focused on its civic role and recruits a significant proportion of students from lower socio-economic quintiles. UU is a large university, with around 30,000 students. It also focuses on working in partnership to transfer knowledge and support innovation and rank particularly highly for the impact that their research has.</p>
<p>Queen's University Belfast</p>	<p>QUB is part of the research intensive Russell Group of universities. They have around 25,000 students, a significant number of whom are on post-graduate courses. QUB are recognised for their expertise in knowledge transfer and rank highly on measures such as spin-out companies and intellectual property. They are also notable for their positive student outcomes with nearly all their graduates in employment or further study.</p>
<p>St Mary's University College</p>	<p>Provides degree, post-graduate and continuing professional development programmes in teacher education – with the option to learn through Irish as well as English – and in Liberal Arts.</p>
<p>The Open University</p>	<p>Creates higher educational opportunities with no barriers to entry. They provide flexible, innovative distance learning and are focused on the needs of part-time students.</p>
<i>North/South Bodies</i>	
<p>InterTrade Ireland</p>	<p>Helps small businesses in Ireland and Northern Ireland explore new cross-border markets, develop new products, processes and services and become investor ready.</p>
<p>Tourism Ireland</p>	<p>Responsible for marketing the island of Ireland overseas as a holiday and business tourism destination.</p>

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Other Bodies

Office of Industrial Tribunal and Fair Employment Tribunal (OITFET)	The Industrial Tribunals and the Fair Employment Tribunal are independent judicial bodies. The Industrial Tribunals hear and determine claims to do with employment matters. The Fair Employment Tribunal hears and determines complaints of discrimination on the grounds of religious belief or political opinion.
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IAN SNOWDEN

Permanent Secretary

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 SHANE MURPHY International and Economic Relations Group Grade 3	 PAUL GROCCOTT Economic Strategy Group Grade 3	 DAVID MALCOLM Management Services and Regulations Group Grade 3	 MOIRA DOHERTY Skills and Education Group Grade 3	 RICHARD RODGERS Energy Group Grade 3
BRENDA BURKE Circular Economy, Advanced Manufacturing & Agri-Tech Division Grade 5	KEITH FORSTER Innovation, Research and Enterprise Division Grade 5	MICHELLE BELL Central Services Grade 5	CLEMENT ATHANASIOU Apprenticeships, Careers and Vocational Education Grade 5	SARAH BRADY Director of Energy Consumers, Operations & Finance Grade 5
KERRY CURRAN GB & EU Trade Grade 5	JEREMY GARDNER Tourism and Telecoms Grade 5	MAEVE HAMILTON EU Fund Management Grade 5	MARK LEE Interim Higher Education Grade 5	RYAN WHITE Director – Heat, Buildings & Climate Change Grade 5
VICTOR DUKELOW Analytical Services Grade 5	CIARAN MCGARRITY City Deals Programme Grade 5	SHARON HETHERINGTON Finance & Insolvency Grade 5	MARK LEE Tertiary Education Reform Grade 5	JIMMY GRAHAM Director – Business, Gas, Minerals & Petroleum Grade 5
ALAN RAMSEY International Trade and Investment Grade 5	GIULIA NI DHULCHAOINTIGH 10X Economic Vision Grade 5	COLIN JACK Business & Employment Regulation Grade 5	LOUISE WATSON Further Education Grade 5	
	NIGEL ROBBINS Project Director, Broadband Intervention Grade 5	LAURA MCPOLIN Covid 19 Inquiry Grade 5	GRAEME WILKINSON Skills Grade 5	
	MICHELLE SCOTT Entrepreneurship and Partnership Division Grade 5	LISA MORGAN Corporate Strategy Grade 5 (Acting)		
		ALAN RUSSELL Corporate Governance Grade 5 (Acting)		

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KEY STRATEGIC CHALLENGES

Issue:	10x Economic Vision
Grade 3:	Paul Grocott, Economic Strategy Group, Extn 57567
Grade 5:	Giulia ní Dhulchaointigh, 10x Policy, Extn 26781

- The 10x Vision was published in May 2021, with objectives and metrics published in October 2022.
- These objectives and the wider set of metrics are under three pillars: innovation, inclusion and sustainability, and set the strategic direction for the work of the Department.
- As 10x has been the over-arching framework for the Department's activities, the 10x delivery plan, published in July 2023, is our business plan for 2023/24. We have also been doing some preliminary work around planning for future years
- Work to date that may be relevant to your economic policies includes:
 - Setting a small number of cross-departmental objectives that guide work in all Departments and ALBs
 - Using analytical teams in the Department to provide evidence base, including open research calls on research priorities and monitoring of certain metrics against other small advanced economies
 - Using our performance management systems in the Department (business planning and monitoring) to drive achievement and track progress on those objectives. This included taking a different approach on business planning, incorporating inputs from ALBs into our business plan for the first time
 - Integrating achievement on 10x into routine corporate/financial templates such as business cases, submissions etc to ensure there is consistency across the entire Department on objectives
 - Appointing one lead on each of innovation, inclusion and sustainability to lead achievement on objectives under each of these to provide clearly lines of communication and leadership
 - More centralised communication of Departmental objectives to delivery partners and monitoring of their performance against these
 - Working with Councils and other partners to develop sub regional economic plans

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Issue:	City & Growth Deals Programme
Grade 3:	Paul Grocott, Economic Strategy Group, Extn 57567
Grade 5:	Ciaran McGarrity, City & Growth Deals, Extn 29448

General

- A City and Growth Deal (CGD) is a package of funding agreed between UK Government, the NI Executive and local Councils to drive sustained economic sub-regional growth. Total investment across all NI CGD will be £1.5 billion (inc. approx. £200m from the private sector), with £534 million outside the Belfast region.
- CGD are owned by Councils. They design and develop an overall growth strategy, set a strategic vision and ambition, and then work with partners to identify projects. Departments are then responsible for approving these projects and critically, ensuring project promoters deliver project outcomes
- There are 4 CGD in Northern Ireland:
 - Belfast Region City Deal (BRCD)
 - Derry City and Strabane District Council Deal (DCSDC)
 - Mid South West Deal (MSW)
 - Causeway Coast and Glens Deal (CCG)
- CGD are at different stages of development. BRCD is most advanced (Deal signed in December 2021) whilst MSW and CCG are at a relatively early stage.
- They will drive increased collaboration at sub regional level between colleges, councils, and industry. DoF is the lead NICS Department for the Programme, which also contains Infrastructure (DfI), Regeneration (DfC) and Health (DoH) elements.
- DfE is accountable for overseeing the delivery and implementation of the innovation, digital, and tourism projects. Depending on viability there will be approximately 25 DfE led projects with government expenditure of circa £700m. QUB and UU are delivering innovation projects; local councils are delivering tourism and digital projects. DfE, Invest NI, Tourism NI, and NI Screen work closely with Councils and their partners to support the development of robust value for money projects.
- Key to this will be ensuring projects align with Departmental strategies and programmes including 10X, Skills, HE/FE and Energy. Work is underway to develop a sub-regional economic plan that pivots DfE policies and INI programmes to maximise the potential of the Deals.
- Based on the current Programme, delivery of the Deals across the four regions will extend to at least 2030 and DfE will play a key oversight role for the duration.

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Key Risks

- The capability and capacity of local government and their partners to deliver projects of such a volume and scale. These projects are new to NI. They all require substantial ongoing revenue streams to support sustainability so they need to be focused on delivering against industry - not council or university needs.
- Investment does not achieve its intended benefits and ultimately, value for money.
- External factors such as inflation and the budgetary environment present an affordability challenge with potential to impact on the scope and scale of projects and/or benefits realisation.

DfE Structures

- The Department has provided significant support and advice to councils and universities to help build capability and, critically, ensure projects address business and visitor need. This work has included extensive market testing of the tourism projects as well as strengthening of linkages with industry and leveraging of additional UK Government funding.
- Senior officials from within the Department and its Partner Bodies have been appointed as Investment Decision Makers (IDM) for each of the DfE projects. An IDM is a named individual who is accountable for overseeing successful project delivery. Key to this is ensuring project promoters comply with DfE funding conditions, as set out in the Contracts for Funding. Governance structures and reporting arrangements have been put in place to support this.

Belfast Regional City Deal (BRCD) (£700m)

- Eleven BRCD projects have been approved and a further one is advancing through the latter stages of approval. This means that approximately 70% or £330m of DfE funding is approved or nearing approval. However, the Mourne Mountain Gateway Project which accounts for £30m funding has experienced 2 years' slippage at an indicative inflationary cost of £6m and requires updated approval before the project can progress to Contract for Funding.
- The most advanced projects include the Advanced Manufacturing Innovation Centre (£98m) led by QUB and Studio Ulster (£28m) led by UU. AMIC which is based in Newtownabbey is anticipated to commence construction in March 2024 while Studio Ulster based in Belfast Harbour is anticipated to commence fit out in April 2024.

Derry City and Strabane District Council Deal (DCSDC) (£210m)

- Progress has been slower than anticipated and is beginning to cause some frustration at Council level. Delays due primarily to the time UU has taken to submit business cases. Cost inflation was also key issue.
- Heads of Terms (HOT) were signed in February 2021 but only one project has been approved - the North Atlantic (DNA) Maritime Museum.

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- Outline business cases for a Cognitive Analytics and Digital Robotics Innovation Centre (CADRIC) (£35m) and a new Further Education college £15m in Strabane have recently been received.
- We are continuing to work with Department of Health (DoH) and UU on the business case for the Graduate Medical School. Business case expected to be submitted by UU to DoH in Q4 2023/24. Key issue for DoH will be revenue funding for UU's proposed student numbers.

Mid-South West Deal (MSW) (£252m)

- Progress has been slower than anticipated.
- Strategic Outline Cases (SOCs) for two Agri Projects (Robotics Automation & Packaging Innovation Centre (RAPIC) (£13m) and Agri Bio Innovation Centre (ABiC) (£25m)) have been approved. Further SOC, for a Green Energy project and a tourism project at Cuilcagh Lakelands Geopark are undergoing review.
- The NI Makers Alliance has completed a report into the region's future industrial needs. The report makes clear recommendations on areas of focus in the innovation space for the MSW region and will form the basis of an Innovation Programme Business Case to cover c£70m of UKG funding.
- The indicative timeline to reach HOTs is September 2024.

Causeway Coast & Glens Deal (CCG) (£72m)

- SOC are currently under consideration for two innovation projects: a Centre for Drug Discovery (£20m), a Business Innovation & Incubation Hub (£15m). Tourism NI is considering the SOC for Connected Causeway – Parking & Infrastructure (£9m).
- The Deal expects to reach Heads of Terms by Spring 2024.

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Issue:	Independent Review of Invest NI
Grade 3:	Paul Grocott, Economic Strategy Group, Extn 57567
Grade 5:	Michelle Scott, Entrepreneurship & Partnership, Extn 26803

- The report on the Independent Review of Invest NI was published on 11 January 2023. The Review was undertaken by an Independent Panel (Chaired by Sir Michael Lyons) at the instigation of Gordon Lyons MLA, former Minister for the Economy. The objective was “to provide an independent assessment of Invest NI’s efficiency and effectiveness and, looking forward, its capacity to strategically align with and operationally deliver the 10X Economic Vision”. The key findings of the Review Panel included the following:
 - Northern Ireland needs an economic development agency and Invest NI is best placed to continue to take forward this work
 - Profound change is needed that requires reform and repurposing
 - The agency is having limited impact on productivity
 - There is considerable room for improvement in leadership, structure, operation, control and public accountability of the agency (the issues in respect of leadership were also identified in a DfE commissioned Board Effectiveness Review)
 - Stronger governance and oversight are required from DfE and better strategic and policy direction needs to be provided
 - Strengthening public understanding of Invest NI work and how it uses public monies is crucial
 - The agency needs to be a better partner, particularly in the sub-regional context
- The Department and Invest NI worked collaboratively to develop an Action Plan which was published on 04 October 2023. There are 35 strategic actions underpinned by 264¹ enabling tasks. Day to day operational delivery of the Action Plan will be managed by Invest NI and overseen by a joint Implementation Oversight Group, chaired by Paul Grocott (DfE).
- The Invest NI Board has established three new committees to strengthen scrutiny and support to the organisation on key decisions regarding the strategic allocation of resources, Invest NI’s approach to the regions and partnerships and Business Funding.
- On 29 January 2024, Kieran Donoghue took up Invest NI’s permanent Chief Executive Officer post. Following the completion of a public appointment competition, John Healy will take post as the new Chair of Invest NI on 1 March 2024.

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¹ The number of enabling tasks is anticipated to fluctuate as Owners work through the detail of steps required to deliver each Strategic Action.

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Issue:	FE Voluntary Exit Scheme
Grade 3:	Moira Doherty, Skills and Education Group, Extn 57870
Grade 5:	Louise Watson, Further Education Division, Extn 26936

- All six Further Education (FE) Colleges launched staff exit schemes in their respective Colleges in January 2024. These schemes are fully funded by the Department. The Business Case was approved by the Permanent Secretary in December 2023. Of the estimated £35m recurrent pressures faced by the colleges in 2024/25, the majority of the pressures, £27m, is in respect of staff pay increases. This level of increase is not affordable.
- FE Colleges have already made savings of £9m in 2023/24, mainly in respect of operating costs, and they are clear that any further savings would require a staff exit scheme as 67% of their overall costs are in respect of staff pay. Additional in year funding of £22million was also made available to FE Colleges in this year.
- Staff exits of c250 equates to 6% of the current workforce, and the scheme is applicable to both teaching and non-teaching staff. The scheme could generate annualised savings of c£12m. Approximately 250 exits have been identified by the colleges as the maximum they could achieve in a scheme which would be available during 2023/24 whilst minimising impact on frontline service delivery.
- FE Colleges continue to liaise with staff and Trade Union Side through the consultation process.

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Issue:	Financial Sustainability of Higher and Undergraduate Tuition Fees
Grade 3:	Moira Doherty, Skills and Education Group, Extn 39556
Grade 5:	Mark Lee, Skills and Education Group, Extn 57947

- In October 2022, the former Minister for the Economy confirmed that the Department would undertake a full review of the higher education funding system. At that time it was announced that the scope of the Review would include support provided to students such as maintenance loans, grants and other student support products, as well as support provided to the sector, such as the level and mix of teaching grant and fees.
- On 14 June 2023 the Secretary of State for NI directed officials to provide information on potential approaches to realising savings in public expenditure including increasing the undergraduate tuition fee maximum to match the English maximum of £9,250 per annum. On 20 September the Secretary of State directed officials to consult on these matters and increasing the loan term to 40 years. Subsequent clarification has confirmed that the consultation need not focus on loan terms.
- The current maximum tuition fee for full-time undergraduates studying at NI institutions sits at £4,710 per annum, which meets a significant proportion of the cost of student places and teaching. The remainder of that cost is met by the Department through grant funding. Students choosing to study in GB normally pay £9,250. DfE's opening budget settlement for 2023/24, however, resulted in a £11m reduction in funding for Higher Education. The Department has been able to manage the budget reductions without passing on significant cuts to the sector largely through utilising in-year easements. This will not be sustainable in the longer term.
- Officials have drafted a public consultation, equality impact assessment and other documents which recognise the current financial context is likely to see reduced levels of funding for higher education places unless additional income can be generated. The only income likely to address this challenge would be from higher tuition fees. The draft consultation document therefore considers four different fee levels (£6,000, £7,000, £8,000 and £9,250).
- Any change would require the approval of the Assembly and the Executive (as a cross cutting matter) and could not be introduced before Academic Year 2026/27 to give due warning to students and allow for administrative changes. While it would take a number of years for savings to be delivered in full (as it could only be applied to new students), moving to a £9,250 fee is likely to ultimately generate around £98m of additional income.
- Proceeding with an increase in fees would, however, be seen to cut across the wider review of higher education finance, pre-judging one of the key elements of that review. Initial work, considering similar reviews in other jurisdictions, suggests such a review would take around two years to complete and cost in the region of £1.5m.

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Issue:	Expansion of Higher Education in the North West and the NDNA Commitment for 10,000 Student Places in Derry~Londonderry
Grade 3:	Moira Doherty, Skills and Education Group, Extn 39556
Grade 5:	Mark Lee, Skills and Education Group, Extn 57947

- The New Decade New Approach (NDNA) agreement included a priority action for the Executive to “...bring forward proposals for the development and expansion of the UU campus at Magee College, including the necessary increase in maximum student numbers to realise the 10,000-student campus target and a Graduate Entry Medical School.”
- Subsequently the UK Government and NI Executive jointly committed £210m of investment in the Derry City and Strabane District City Deal, with an additional £40m committed by the Council and other partners, including Ulster University. A number of the proposed projects included in the city deal investment relate to higher education provision in the North West and will have Ulster University as a key delivery partner, including the North West Medical School (incorporating a Personalised Medicine Centre) and Cognitive Analytics and Digital Robotics Innovation Centre (CADRIC).
- In accordance with its commitment in principle under NDNA to contribute to capital investment to support expanded provision at the Ulster University Derry~Londonderry Campus, in June 2023, the Irish Government announced £38m of funding from the Shared Island Fund for a new teaching and student services building.
- Ulster University has reorganised course provision with the move of health sciences provision from Jordanstown to Derry~Londonderry (with funding from DfE) in conjunction with the launch of the Graduate Entry Medical School. Recent applications to the Derry~Londonderry campus are up significantly on previous years, particularly from international and GB students. Student numbers are now well above 5,000 and will continue to grow as increased cohorts progress up the years.
- In recent times expansion of student places in Derry~Londonderry, which is viewed locally as being crucial to economic growth in the North West, has received renewed emphasis. There have been a number of press articles pointing to the significant preponderance of NI higher education places in Belfast (with comparisons drawn with other UK regions and countries). Ulster University’s major investment in a new Belfast campus has added to this narrative, with some calls for a separate university in Derry~Londonderry.
- However, Ulster University is now more bullish about expansion at the Magee campus, whilst recognising the need to invest in Coleraine as well and maintain student numbers there. The University believes a pathway is possible to 7,500 students in Derry~Londonderry and that expansion beyond that may be possible in the long term.
- Ulster University currently estimates capital investment of c. £385m is required to develop a campus at Derry~Londonderry that can accommodate 7,500 learners. This figure includes the City Deals buildings for research, innovation and post graduate

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teaching; expansion of the campus via site optimisation, a new teaching block and refurbishment of existing space; a virtual production studio; new student accommodation both on campus and in the city centre; and new sports facilities. The University has committed over £50m as part of that investment.

- In addition, further work will be needed on how any additional student numbers will be funded. Any increase in the number of NI and RoI domiciles (assuming places are not moved from other campuses) will require significant recurrent funding unless there are changes to the funding model which requires teaching grant to subsidise places.
- DfE has directly invested £18m into infrastructure projects at the Ulster University Derry~Londonderry campus over the last ten years, and a further £35m in Ulster University wide projects have included investment at Magee.

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Issue:	Energy Strategy
Grade 3:	Richard Rodgers, Energy Group

Issue

- The Executive approved Energy Strategy – The Path to Net Zero was published in December 2021 - provides a roadmap to cutting energy related emissions by 2030 on the pathway to deliver the 2050 vision of net zero carbon and enabling Northern Ireland to becoming self-sufficient in affordable renewable energy (The Path to Net Zero Energy. Safe. Affordable. Clean. (economy-ni.gov.uk)).
- The Energy Strategy will be a key enabler in government meeting its obligations and targets emanating from NI's Climate Change Act 2022.
- The Strategy and associated Action Plans will make a significant contribution to the delivery of the Department's 10X economic vision (in innovation, sustainability, and inclusion) delivering substantial economic benefits, attracting investment into Northern Ireland, and positioning our companies to compete in the global in low and zero carbon energy technology markets.
- A report on the progress against the 2022 Action Plan was published on 15th February 2023 (Energy Strategy - Path to Net Zero Energy - 2022 Action Plan Report (economy-ni.gov.uk)).
- The 2023 Action Plan was published after approval by the Energy Strategy Programme Board on 16th March 2023, and contains 12 priority actions planned for delivery (subject to funding) in 2023 (Energy Strategy Action Plan 2023 | Department for the Economy (economy-ni.gov.uk)).

Next Steps

- A report on the progress against the 2023 Action Plan will be published in Q1 2024.
- Actions will be raised for progression in 2024, and when a draft is agreed, will also be published in Q1 2024 as the 2024 Action Plan.

Actions for the Minister

- None at this stage.

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Issue:	US Special Envoy to NI for Economic Affairs (SENIEA)
Grade 3:	Paul Grocott, Economic Strategy Group, Extn 57567
Grade 5:	Alan Ramsey, International and Economic Relations Group, Extn 57755

- Following the request of President Biden and in recognition of the 25th Anniversary of the Belfast/Good Friday Agreement, Joseph Kennedy III, Special Envoy to Northern Ireland for Economic Affairs, led a select group of Fortune 500 executives, investment professionals and preeminent business leaders from the United States to Northern Ireland on October 24 – 26, 2023.
- The visit offered the opportunity to build upon the September 2023 Investment Summit organised by the UK Government. The objective of the visit was to highlight what makes Northern Ireland a compelling investment proposition and the strong alignment to the 10X Economic Strategy.
- The visit commenced in Newry at First Derivative prior to an evening reception hosted by Belfast City Council to allow the business delegation to meet local business, civic and academic stakeholders. The second day included curated sessions across Northern Ireland to highlight key sectors including advanced manufacturing and net zero, software and fintech, life and health sciences and the creative industries, meetings with educational institutions, and a formal dinner that evening with political and business leaders in Northern Ireland. The final day included tourism and cultural visits to the Northwest and mid-Tyrone before a closing ceremony hosted by Queens University of Belfast.
- The programme was a collaborative effort between business, academia and government. The focus was showcasing key elements of the Northern Ireland investment proposition, which demonstrated by our global reputation as a trusted business partner in key sectors, the thriving entrepreneurial ecosystem, our young talented workforce and our deep expertise in research and innovation, supported by world leading universities and supercharged by our multi-billion-pound city and growth deals.
- The visit included an announcement by the New York State pension fund to invest up to \$50m (£41m) in Northern Ireland businesses. The investment will be made indirectly via an allocation to private equity funds. It is anticipated that the visit will provide potential other benefits to Northern Ireland through the show casing of the NI proposition generating future investment in a range of signature project across entrepreneurship, female entrepreneurships, apprenticeships, and early years provision.
- Envoy Kennedy returned to NI during week commencing 29 January 2024. The program was curated between the Envoy, the US Consulate and HOCS' Office. DfE is involved on a selective basis with much of the itinerary focussed on non-economic aspects such as culture, arts and further definition of a philanthropic prospectus. From DfE perspective our main interest is the NI Screen / Creative Industries angle, which this time round seems to be paving the way for a more significant sectoral US Trade Delegation later in the year – however that has not yet been confirmed.

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- Work is ongoing, led by HOCS' Office, to develop legacy plans for the Envoy. Retaining Joe Kennedy III as a friend of NI would be a powerful legacy of his term. Mr Kennedy himself has indicated he would be willing to continue to advocate for NI beyond the term of his appointment.

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Issue:	Non-Domestic RHI
Grade 3:	Richard Rodgers, Energy Group
Grade 5:	Sarah Brady, Energy Consumers, Operations Legislation and Finance, Extn 26712

- The New Decade, New Approach document signposted potential closure of the Non-Domestic RHI Scheme. In relation to proposed Programme for Government actions on climate change, it stated: “RHI will be closed down and replaced by a scheme that effectively cuts carbon emissions.”
- The future of Non-Domestic RHI is complex and multi-faceted, with critical factors including the impact on participants, legal risks, State aid, value for money and affordability. It is a cross cutting, significant and controversial matter requiring Executive decision.
- A public consultation on the future of the Scheme was undertaken with Executive approval in 2021. The Executive’s preferred approach at that time was closure with compensation paid to legitimate participants. No Executive decision, taking account of the consultation outcome, has yet been taken. Responses to the consultation indicated a strong preference for continued operation of the Scheme with revised tariffs.
- Legal risks associated with RHI are significant. Two previous changes to the Scheme’s tariffs have been subject to lengthy judicial review challenges which to date have been successfully defended.
- On 21 February 2023 the Court of Appeal delivered judgment in appeals in respect of both earlier judicial review judgments. These were dismissed on all grounds, and subsequent applications for appeal to the Supreme Court were rejected. An application was made to the European Court of Human Rights (ECHR) in November 2023. The Department has not yet been informed if the ECHR has determined yet if it will admit this case for hearing.
- In its judgment, the Court of Appeal noted that it is “plain to see” that government needs to deal with the scheme by way of compensation or a revised tariff. It stated: “We trust that as clarity has now been provided on the legal issues, renewed focus will now be applied to settling a proper permanent solution for boiler owners who acted in good faith. To our mind this should be over the next number of months rather than years.” It also suggested that should there be prevarication, further litigation may be the only option. Senior Crown Counsel has indicated that it would be highly desirable that the Department would have made some attempt to introduce a change within 12 months of the February 2023 judgment. To that end, a business case on the setting of the appropriate tariff is with the Department of Finance for approval.
- While an Executive matter, it is for you as Minister for the Economy to recommend a way forward to the Executive.
- The Scheme is currently administered by Ofgem (the office of the Gas and Electricity Markets Authority (GEMA)) on behalf of the Department.

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- Since 25 October 2022 the Department has received a total of ten High Court Judicial Review Pre-Action Protocol (PAP) letters in relation to the Non-Domestic RHI Scheme. In all cases the Applicants seek to challenge decisions to apply a sanction, which were upheld by the Department's Statutory Review Committee. Legal challenge proceeded on a lead case basis, with that initial lead case being conceded on the 31 August 2023, this was due to an issue being raised through the applicant's skeleton argument. The issue raised relates to the authority of Ofgem to make compliance decisions both in general and in particular to make decisions under Regulation 47(1)(a)- recoupment of periodic support payments via civil debt. A new lead case has been selected and has now been progressed to hearing, listed for 3 days, commencing on the 8 May 2024. The Department continues to liaise with DSO and Counsel on the matter.

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Issue:	Climate Change Act
Grade 3:	Richard Rodgers, Energy Group
Grade 5:	Ryan White, Heat, Buildings & Climate Change, Extn 29705

- In March 2022 the Climate Change Act (Northern Ireland) 2022² – ‘The Act’ - was passed by the NI Assembly and received Royal Assent in June 2022 committing to a target of net zero emissions by 2050. The Act includes provision for an in-line target for 2040 and a net 48% emissions reduction on the baseline by 2030.
- While DAERA is responsible for leading on the delivery of many of the requirements of The Act, all Northern Ireland government departments are responsible for ensuring that targets can be met.
- The Act requirements include, but are not limited to:
 - Establishment of emissions targets for 2030 and 2040, in line with the 2050 net zero target (S2.1) and 5-yearly carbon budgets, with the first carbon budget period for NI being 2023-27 (S23.1)
 - DAERA to prepare and publish a report (a Climate Action Plan - CAP) setting out policies and proposals for meeting each carbon budget, whilst also having a longer-term outlook (S29.1 and S51.4)
 - Policies and proposals in the Climate Action Plans to cover the areas of responsibility of each NI Department and to ensure that the carbon budget is achieved in 10 sectors (S.33)
 - A further list of seven sectoral plans is also required to be developed and published by Departments (S.13-S22)
 - DAERA must make regulations that impose, on specified public bodies, specified climate change reporting duties. (S42). Likely to impact Invest NI, Further and Higher Education from a DfE standpoint
 - The CCC must assess the progress made towards implementing the policies and proposals within Northern Ireland’s five-yearly climate change adaptation programmes (NICCAP) and DAERA, with assistance from every department, must prepare a response to the CCC report within 6 months. (S48)
 - Each government department must provide reports to DAERA on compliance with carbon budget, emissions targets and an assessment of the policies and proposals for each carbon budget (S39)
- DAERA published a Carbon Budget consultation on behalf of the Northern Ireland Executive in June 2023 (closing 11 October 2023)³. The consultation sought views on the proposed 2030 and 2040 emissions targets for Northern Ireland and proposed carbon budgets for the periods 2023-2027, 2028-2032 and 2033-2037. The consultation also provided opportunity to seek the public’s views on the March 2023 CCC Advice Report: The Path to a Net Zero Northern Ireland.

² [Climate Change Act \(Northern Ireland\) 2022 \(legislation.gov.uk\)](https://legislation.gov.uk)

³ [Consultation on Northern Ireland’s 2030 & 2040 Emissions Reduction Targets & First Three Carbon Budgets & Seeking views on Climate Change Committee \(CCC\) Advice Report: The path to a Net Zero Northern Ireland | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](https://daera-ni.gov.uk)

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- DfE is the lead department for the following CAP sectors:
 - Energy Production and Supply
 - Business and Industrial Processes
 - Public Buildings
- As such, the Department has contributed to the first Draft CAP by setting out proposals and policies to meet the corresponding budget within each Sector. DfE must also consider the departmental contribution of ‘**non-sector specific**’ policies and proposals and enablers (e.g. Skills, Innovation, 10X Vision, etc.) to meeting The Act requirements.
- Further requirements specific to DfE are stipulated within the following sections of The Act:
 - S.14: *The Department for the Economy must develop and publish sectoral plans for the energy sector setting out how the sector will contribute to the achievement of the targets in sections 1, 3 and 4*
 - S.15: *The Department for the Economy must ensure that at least 80% of electricity consumption is from renewable sources by 2030*
 - S.17: *The Department for the Economy must develop and publish sectoral plans for the industrial processes sector setting out how the sector will contribute to the achievement of the targets in sections 1, 3 and 4.*

Next Steps

- The estimated carbon reduction of the CAP is currently 27.1% - 32.3%, as opposed to the required 33%⁴. DAERA will be engaging with their legal counsel 13 – 21 Feb on the detail of the draft CAP to gain advice on whether DAERA can publish the CAP for consultation, particularly if it does not meet the first Carbon Budget.
- DfE will be required to input policies, proposals and actions into the Third NI Climate Change Adaptation Plan (NICCAP 3), this is expected to commence in Feb 24. DAERA has indicated that it may consult on a draft NICCAP3 in Spring 24.

Actions for the Minister

- It is unknown at this time on the agreed final decision-making process that will be taken forward in the event of a returning Government. However, the below actions may be indicative of the potential process that may be taken forward:
 - To consider any proposal to the Executive from the DAERA Minister on whether (or not) to proceed with a consultation on a draft CAP in addition to contributions and publication of NICCAP3
 - To consider and approve DfE sector specific input (i.e. policies and proposals that meet the sector carbon budget and/or contribute to an average reduction of 33% on 1990 levels within the first carbon budget

⁴ Three scenarios have been quantified based on different certainty levels

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- To consider and approve the wider DfE input to the CAP document cross-cutting issues/areas related to the department's strategic areas of responsibility.

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Issue:	Employment Bill
Grade 3:	David Malcolm, Management Services and Regulation Group, Extn 29203
Grade 5:	Colin Jack, Management Services and Regulation Group, Extn 57845

Issue

- Employment law is a devolved matter. Except for two single issue Acts passed by the Assembly in 2022, the last substantive update to the employment law framework here was the passage of the Employment Act (NI) 2016.
- There is now a need to update our employment law framework to ensure it remains fit for purpose and continues to work effectively for businesses and workers in a way that helps facilitate inclusive, sustainable, and innovative growth and a 10x economy.
- Officials have been working on a range of potential enhancements to the employment law framework to allow you to bring forward an Employment Bill during the current Assembly mandate, as well as some measures which can be brought forward through secondary legislation.
- The factors below will need to be considered when determining future updates to the employment law framework.
- The New Decade, New Approach document contains references to creating better jobs and protecting and enhancing workers' rights.
- In the last six years, there have been a wide range of employment law developments in other jurisdictions, including GB and the ROI. These changes include legislation providing for enhanced rights for flexible working; enhanced protections for agency workers; greater clarity of information provided to workers about their pay and terms and conditions of employment; new rights for those on zero hours or other forms of insecure employment contracts; new rights to neonatal leave and pay and unpaid leave for carers; enhanced redundancy protections for those on maternity leave; and new obligations for employers to ensure tips left to workers are passed on to them in full.
- There is a statutory obligation to bring forward secondary legislation to fully implement the provisions of the Parental Bereavement Leave and Pay (NI) Act 2022 to extend the right to paid leave from work to parents who suffer a miscarriage and to make access to the right a "day one" right. There is also an urgent need to seek formal Assembly approval of the regulations that currently provide for the right for parents who suffer the loss of a child to paid leave from work, otherwise these regulations will lapse.
- The Department is also required to consult on and introduce secondary legislation which will implement the provisions in the Domestic Abuse (Safe Leave) Act (NI) 2022. This Act will, when commenced, place a statutory obligation on the Department to make regulations which will provide a new employment right for workers who are victims of domestic abuse to take at least ten days "safe leave" for the purposes of dealing with issues relating to domestic abuse.

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- Article 2 of the Windsor Framework Agreement sets out certain commitments to ensure no diminution of rights, safeguards or equality of opportunity as set out in the Belfast (Good Friday) Agreement, resulting from the UK's withdrawal from the EU. This protection is supported by six relevant equality directives.
- The Retained EU Law (Revocation and Reform) Act 2023 provides powers that enable the amendment of Retained EU Law (REUL) and removes the special status it has in the UK legal system. This means that directly effective EU derived rights, powers and duties were repealed on 1 January 2024. In addition, the general principles of EU law were removed from domestic law from the beginning of 2024 and Courts and Tribunals may, in specific circumstances, be able to depart from retained case law. The Department made regulations in December 2023 to restate certain EU based principles relating to the carry over of annual leave and holiday pay. However, it may be necessary to make further restatement legislation to provide legal certainty in respect of rights to carry over annual leave when on certain forms of family related statutory leave. Officials will continue to liaise with their counterparts in the Department for Business and Trade to monitor whether it is necessary to restate any other employment law issues.

Timings

- Primary legislation will be required to implement many of the potential enhancements to the employment law framework. Given the time remaining in the mandate and the lead in time for policy consultation, drafting of legislative provisions, and the processes for progressing legislation through the Assembly, officials would find it helpful to have an early conversation with you about your employment law priorities.
- In relation to Parental Bereavement Leave and Pay, the existing regulations must be confirmed by debate in the Assembly by 27th March 2024, otherwise the existing right for bereaved parents to receive ten days paid leave from work, will lapse.
- The provisions in the Parental Bereavement Leave and Pay Act which will extend the provision to parents who suffer a miscarriage and will ensure all parents can avail of the right from their first day of employment, must be made operational by 2026. In order to ensure that HMRC has sufficient time to make the necessary IT changes, pre-commissioning work and policy decisions will be required in advance of June 2024.

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Issue:	Covid 19 Inquiry
Grade 3:	David Malcolm, Management Services and Regulation Group, Extn 29203
Grade 5:	Laura McPolin, Management Services and Regulation Group, Extn 29216

- The UK Covid-19 Inquiry was set up to examine the UK's response to and impact of the Covid-19 pandemic, and to learn lessons for the future. In order to allow a full and focused examination of all of the different aspects of the pandemic, the Inquiry's investigation has been divided into Modules. The Inquiry commenced in July 2022 and is anticipated to last for at least 5 years.

Governance Arrangements

- DfE has established a project board to oversee the Department's response to the Inquiry and manage any associated risks. A cross-departmental working group, chaired by TEO and attended by a G7/G5 from each Department, meets regularly to discuss Inquiry matters affecting the whole of the NICS. HOCS also maintains an overview of the NICS engagement with the Inquiry through the Reference Group.
- DfE legal support is provided through the Departmental Solicitor's Office (DSO) with a dedicated legal adviser. DfE has also engaged both junior and senior Counsel.

Engagement with the Inquiry

- DfE has been engaged to varying degrees in Modules 1, 2C and 5 and anticipates ongoing engagement with the Inquiry throughout its duration.
- Module 1 concerns the preparedness for the pandemic across the whole of the UK. DfE received a Rule 9 request for evidence and has submitted a Corporate Statement and 9 exhibits for this Module. The Inquiry held Public Hearings for Module 1 in July 2023 with the findings report set for publication in 2024. The Inquiry did not call DfE to give oral evidence in Module 1.
- While Module 2 concerns the core UK decision making and political governance, its part Modules relate to the Devolved Administrations. Module 2C is specifically concerned with decision making in Northern Ireland.
- DfE has received two Rule 9 requests for evidence for Module 2C. The first Rule 9 request sought information on DfE's role in decision making in Northern Ireland during the pandemic period. In response, DfE has submitted a Corporate Statement and approximately 700 documents.
- The second Rule 9 request focused on the use of informal communications by Ministers, SpAd and SCS during the pandemic. In response, DfE submitted a draft Corporate Statement to the Inquiry along with a number of WhatsApp and text messages. There has been significant media interest in this issue across the whole of the UK. Mike Brennan will be the signatory to this statement.
- Each of DfE's three former Ministers who were in post during the pandemic, have received Rule 9 requests for statements and evidence for Module 2C. The Department

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has been approached by one of the former Ministers and has facilitated access to records they would have had sight of during their time in office to assist with the preparation of their response. DfE's former Ministers have chosen to avail of external legal representation for their engagement with the Inquiry and the Department must, within reason, meet their legal costs.

- The final Preliminary Hearing for Module 2C took place on 12 December 2023, with the Public Hearing to be held in Belfast during April and May 2024. While it is anticipated that former Ministers will be called to give oral evidence at the Module 2C Public Hearings, it is unclear whether Mike Brennan or any other DfE official will be called.
- DfE has responded to the Inquiry's scoping exercise for Module 5 which relates to Government procurement. However, DfE does not anticipate any further involvement in this Module.

Engagement in Future Modules

- The Inquiry has six active Modules and while it is still to formally announce its remaining Modules, it has indicated that there will likely be five further areas of interest. Of these, two probable Modules that will engage DfE relate to the Government's business and financial responses to the pandemic and education, children and young persons. DfE provides the Inquiry with regular updates on its response to requests and has built a good working relationship with the Inquiry's Legal Team. The Inquiry has provided positive feedback on its engagement with DfE.

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Issue:	Implementation of the Windsor Framework
Grade 3:	Shane Murphy, International and Economic Relations Group, Extn 26951
Grade 5:	Kerry Curran, International and Economic Relations Group, Extn 57900

- In October 2019, the protocol on Ireland/Northern Ireland was agreed as part of the UK-EU Withdrawal Agreement. This aligned Northern Ireland with EU goods regulations, customs, VAT, state aid, and rules on agri-food. On 27 February 2023 the UK and EU agreed the Windsor Framework (WF), which provided a new set of arrangements aimed at addressing the practical challenges faced by citizens and businesses in NI because of the protocol; reducing frictions in trade within the UK internal market; and providing several mechanisms to address the democratic deficit including the Stormont Brake. These arrangements were adopted at the Withdrawal Agreement Joint Committee on 24 March 2023.
- The joint solutions within the WF cover, amongst other things new arrangements on customs, parcels, agri-food, medicines, VAT and excise. The implementation of the WF will happen in stages through into 2025, with the to aim to provide businesses and individuals with time to adapt to the new arrangements. In the meantime, existing grace periods and practical arrangements will continue up until the point of new arrangements coming into force.

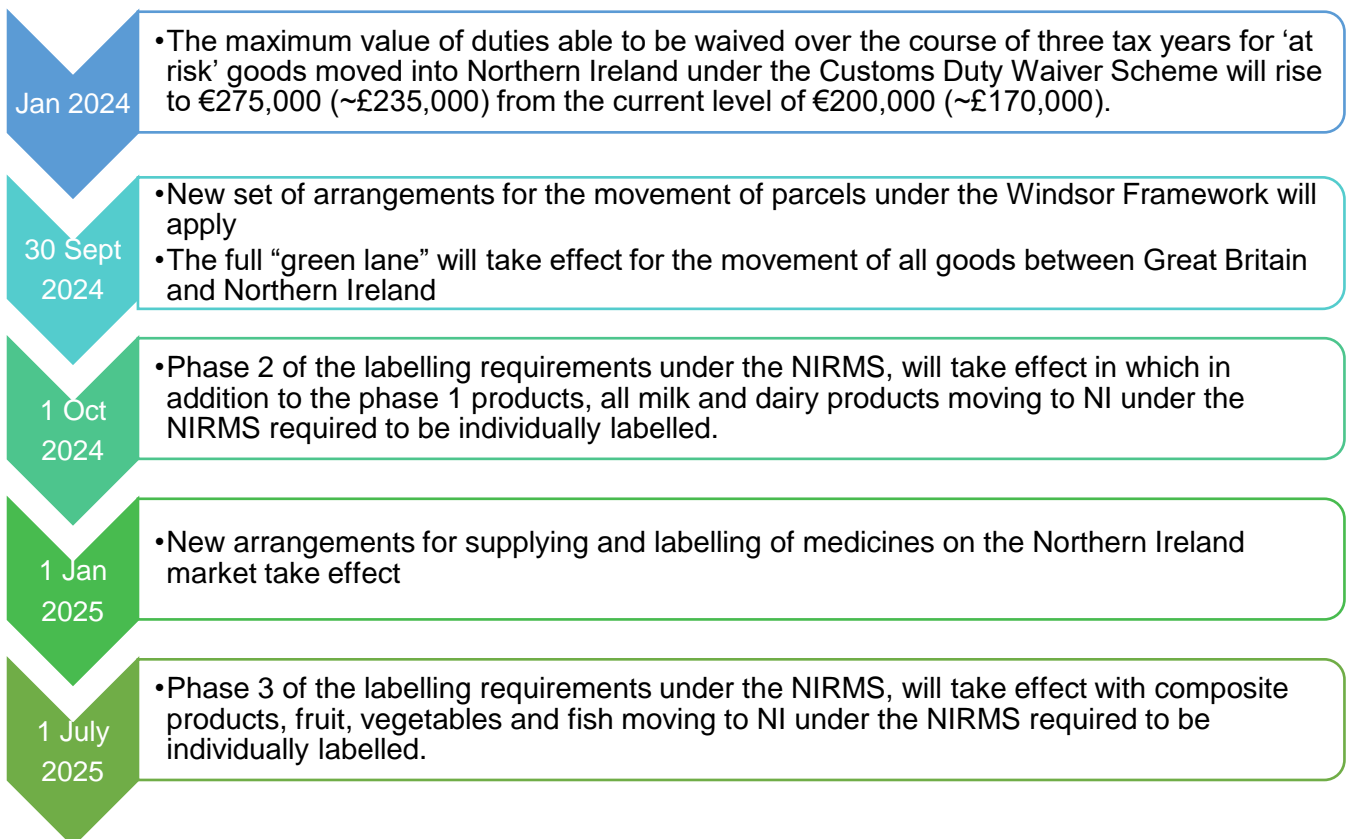
Current Implementation

- On 1 May 2023 a temporary VAT zero-rate on the domestic installation of energy-saving materials in immovable property, such as heat pumps, insulation, and solar panels, was introduced in NI. This relief has been available in the rest of the UK since 1 April 2022 but was previously blocked in Northern Ireland by the Protocol.
- From the 1 May 2023 a permanent second-hand motor vehicle payment scheme has also been introduced to support the movement and sale of second-hand cars into NI from GB, replacing the previous VAT margin scheme for second-hand vehicles. Any eligible motor vehicles purchased in GB and moved to NI before 1 May 2023, that businesses still have in stock as of that date, will be able to use the old VAT margin scheme, provided they are resold by 30 April 2024.
- From 30 September 2023 the previous UK Trader Scheme (UKTS), has been replaced by the new UK Internal Market Scheme (UKIMS). The UKIMS enables firms to declare eligible goods brought into NI as 'not at risk' of moving to the EU, so that EU duty will not be payable on those goods. The UKIMS expands the range of businesses able to benefit from these arrangements by:
 - Removing the requirement for applicants to have physical premises in NI
 - Increasing the turnover threshold from £500,000 to £2m
 - Introducing new exemptions on the turnover threshold to include goods used in animal feed, health care, construction, and not-for-profit sectors

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- There has been an increase to nearly 7,000 companies now registered for the UKIMS compared to some 4,150 companies under the previous UKTS.
- The Trader Support Service (TSS), which underpins the UKIMS has been extended in its current form for another year to December 2024.
- As of the 1 October 2023, the new sanitary and phytosanitary “green lane” arrangements are in place: including a new Northern Ireland Retail Movement Scheme (NIRMS) for agrifood retail products; and new rules to allow eligible plants and seed potatoes to move smoothly from GB to NI through use of a Northern Ireland plant health label (NIPHL). The introduction of the SPS green lane included the first phase of new labelling requirements for agrifood retail goods moved under the NIRMS, requiring all meat products and some dairy products to be individually labelled with the words ‘Not for EU’ with further labelling requirements to be brought in through 2 further phases in October 2024 and July 2025. Approximately 15000 consignments move through the NIRMS each week. Compliance is increasing with retailers using the scheme, with DAERA colleagues working on a programme of education with users of the service and addressing issues as they arise.
- On 30 June 2023, the new duty reimbursement scheme was launched allowing traders to reclaim EU duty paid on goods moved into NI which can be shown not to have entered the EU. The scheme applies to goods moved since January 2021 and will be available for goods moved in the ‘red lane’ from October 2024.

Future Implementation



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Issue:	Tourism Strategy for Northern Ireland: 10 Year Plan (and Electronic Travel Authorisation (ETA) Scheme)
Grade 3:	Paul Grocott, Economic Strategy Group
Grade 5:	Jeremy Gardner, Tourism, Telecoms & Air Connectivity Division

- A draft Tourism Strategy: Ten Year Plan has been developed which provides an overarching strategic direction and framework for the tourism industry, and our Delivery Partners Tourism Northern Ireland and Tourism Ireland, to collectively accelerate the growth of the tourism sector in Northern Ireland over the next decade.
- It connects tourism with the objectives of the 10X Economic Vision, enabling tourism to fulfil its important role in the innovation and transformation agenda whilst meeting the challenges of becoming more sustainable, inclusive and innovative over the next decade.
- It is premised on five Strategic Themes which seeks to strive for a new and ambitious growth trajectory that is:
 - **Innovative** and uses our creative skills
 - **Inclusive** bringing opportunities for all
 - **Sustainable** for generations
 - **Attractive** to visitors and investors
 - **Collaborative** to deliver a shared vision
- These themes are supported by a set of associated Indicators to ensure we support our businesses, entrepreneurs and innovators; boost economic productivity; expand career pathways; break down barriers for residents and visitors with disabilities; improve regional dispersal and increase off-season growth.
- An extensive stakeholder engagement programme took place between November 2023 and February 2024, including consultation with the tourism industry and a wider public consultation. Engagement also took place at official level with other NICS Departments and with Economy spokespeople from the political parties.
- We would welcome early engagement on the draft Strategy to provide briefing on the key objectives and take your views on seeking Executive endorsement to ensure cross-departmental commitment.

Electronic Travel Authorisation (ETA) Scheme

- The UK Government is introducing a new travel visa – the Electronic Travel Authorisation (ETA) Scheme. This will be a requirement for all non-visa national visitors to the UK. For visitors coming to Northern Ireland, the requirement to obtain and hold an ETA will apply whether they arrive direct at a UK port of entry (Airport/Ferry Terminal) or via the land border with the RoI.
- The UKG is currently piloting the ETA Scheme for Qatar nationals and will add further Gulf States in February 2024. The intention is for the full scheme to be rolled out world-

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wide by the end of 2024, including for Europe, North America and Asia which cover the major visitor markets for the island of Ireland.

- An exemption from the ETA requirement has been granted for non-visa nationals legally resident in Ireland when travelling to the UK on a journey from within the Common Travel Area.
- The requirement to hold an ETA to visit the UK is likely to have a significant impact on our tourism sector, particularly given that over 70% of overseas (USA/EU/Rest of World) tourists arrive in NI crossing the land border. As they arrive in the RoI first, they will often not be aware (through their booking agent) that an ETA is required for travel to NI. An estimated 277,000 day trips per annum are made from RoI to NI by international travellers.
- The Northern Ireland Tourism Alliance (NITA) has continually raised with the Home Office the concerns of the local tourism and travel industry that the introduction of the ETA scheme may act as a barrier or perceived barrier to potential visitors to NI. NITA made representations for an exemption package for up to 5-7 days for tourists travelling to NI through RoI, including on all-island tours. Home Office Ministers have not agreed to grant such an exemption but lobbying continues.
- The RoI Government has concerns on how this might negatively impact on an all-island of Ireland basis as a destination for visitors. The potential impact on the tourism and travel sector across the island of Ireland is being viewed on a cross-jurisdictional basis involving officials in DfE, our tourism delivery bodies (Tourism NI; Tourism Ireland) and with our Southern Co-sponsor colleagues in the Department for Tourism, Culture, Arts, Gaeltacht, Sport & Media (DTCAGSM) and the RoI's Department for Foreign Affairs.
- Departmental officials continue to engage with Home Office officials to support development and roll-out of Home Office's targeted and bespoke communications strategy ahead of the ETA Scheme being rolled out in full during 2024. We want to see Home Office deliver clear messaging for travellers intending to visit the island of Ireland, and especially those intending to travel to Northern Ireland.
- Departmental officials attended a Workshop with Home Office officials and other stakeholders on 22 January 2024 to discuss Home Office's proposed Communications Strategy Roadmap. Further detailed briefing can be provided and it is likely that a Ministerial letter to the Home Office Immigration Minister will be beneficial. Such correspondence could usefully set out and re-emphasise industry concerns around the impact of the ETA Scheme for NI tourism and on the importance of a clear communications strategy being in place.

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Issue:	Telecommunications
Grade 3:	Paul Grocott, Economic Strategy Group, Extn 57567
Grade 5:	Nigel Robbins, Project Director, Extn 29376, Jeremy Gardner

Broadband

- Under the latest data made available by Ofcom (December 2023), Northern Ireland has the largest proportion of premises with access to gigabit-capable (i.e. capable of speeds of 1,000 Mbps) broadband across the UK.

	Proportion of Premises with Access to Gigabit Capable Services
UK	78%
England	78%
Northern Ireland	92%
Scotland	72%
Wales	64%

Project Stratum

- Project Stratum is a broadband intervention scheme developed to improve connectivity for premises unable to access broadband services of at least 30 Megabits per second (Mbps). £199m of public funding has been allocated to the project to deliver gigabit-capable broadband to 82,000 primarily rural premises. £150m of this funding was secured under the 2017 Confidence and Supply Agreement, with additional funding being allocated by DfE, DAERA and Building Digital UK, an executive agency of the Department of Science, Innovation and Technology. The contract to deliver Project Stratum was awarded to Fibrus Networks Ltd. in November 2020.
- The Department are in the process of formally agreeing a change with Fibrus, which has been approved by BDUK, to maximise the number of premises that will be included in Project Stratum. This change has been reflected in the paragraph above.
- Fibrus Networks is an Open Access Network that can be accessed by multiple retail broadband providers, promoting competition that will provide consumers with more broadband choice. In addition to Fibrus RSP (a ring-fenced Retail Service Provider under the Fibrus Group) two additional RSPs (b4b and Signal Telecoms) have recently signed up to provide services on the Project Stratum Network.
- As of January 2024, Project Stratum has provided access to gigabit-capable broadband to over 75,500 eligible premises. The deployment of the new full-fibre network infrastructure is scheduled to reach all 82,000 eligible premises by June 2025. In addition, the project has passed 13,500 premises that were identified as sub-30Mbps with 1000Mbps infrastructure.

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Project Gigabit

- Any eligible premises which cannot be addressed through Project Stratum will be considered for inclusion in Project Gigabit, the UK Government's £5 billion infrastructure project aimed at providing as many premises as possible across the UK with access to gigabit-capable broadband infrastructure.
- DfE carried out an Open Market Review for Project Gigabit in December 2022 and January 2023, followed by a public review in June and July 2023 to help determine the proposed intervention area for the project. An outcome report following the public review will be published in January/February 2024, which will summarise the information on coverage submitted by network providers, which is the first step to determining an intervention area. Further steps are designed to ensure subsidy is only provided where necessary. DfE is preparing a business case in advance of launching a procurement for a contractor to deliver Project Gigabit in Northern Ireland. Subject to approvals, DfE expects to award a contract in towards the end of 2024.

Mobile Connectivity

- In Northern Ireland mobile connectivity is provided on a wholly commercial basis. However, DfE officials engage in multiple initiatives to facilitate improvements. These initiatives include the Mobile Action Plan Northern Ireland (MAP NI) published in June 2022. MAP NI identifies issues which inhibit the rollout of mobile networks in Northern Ireland and associated actions are largely delivered by the DfE chaired Northern Ireland Barrier Busting Taskforce which has a cross sectoral/departmental membership.
- DfE Telecoms officials are engaged with the Shared Rural Network initiative that will see the UK Government and Mobile Network Operators jointly invest over £1 billion to increase 4G mobile coverage throughout the UK.
- DfE Telecoms is the Sponsor Branch for Digital Infrastructure City and Growth Deal projects. DfE officials are also beginning to deliver on the recommendations contained within the Matrix (Northern Ireland's Science Industry Panel's) report on Advanced Wireless Networks, published in November 2023.
- Full briefing on all these topics can be made available on an ongoing basis as required.

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Issue:	UK & Ireland hosting of EURO 2028
Grade 3:	David Malcolm, Management Services and Regulation Group, Extn 29203

- The Department for the Economy (DfE) assumed the role of Senior Responsible Owner (SRO) for Northern Ireland (NI) in an ambitious and collaborative bid to jointly host a major international sporting event across these islands in 2028. The bid effort was a resounding success, and UEFA confirmed this by awarding the EURO 2028 tournament to the UK & Ireland in October 2023.
- The European Football Championship is second only to the World Cup in terms of International Football events, and the Irish Football Association (IFA), along with the Football Associations of England, Scotland, Wales and the Republic of Ireland are now in full planning mode to ensure that this is a tournament like no other.
- This is a unique opportunity for NI to play an integral part in an event that will attract interest and visitors from all over the world. The potential direct and legacy benefits are tremendous – not just for the football and wider sporting community, but also from an economic, tourism, reputational and social perspective.
- In addition to the IFA, other local partners working with the Department include: the Ulster Council of the Gaelic Athletic Association (UCGAA); Belfast City Council; Police Service of Northern Ireland (PSNI) and Sport NI. The Department for Communities (DfC), with responsibility for ‘Sport’ and above all, the construction of Casement Park, is a key stakeholder and senior officials have worked closely together throughout the Bid, and now the Transition phase of this exciting project.
- Tourism NI, as an ALB of the Department, are providing technical support to the EURO 2028 project, and have taken the lead on many important aspects of the work to date. It is anticipated that they will remain a key resource moving forward.
- The current focus of attention for the Department and other NI partners is on the following priorities and timelines:
 - Final Business Case for the Casement Park Stadium* construction. DfC are leading on this work, and are aiming to have this with the UK Government (UKG) for approval by June 2024
 - Secure Funding commitments for the Stadium as per the detailed specification within the DfC Business Case. There will be a number of contributors to this, however, the UKG contribution is critical to enable DfC to proceed with confidence
 - Review and update the EURO 2028 Business Case as necessary. DfE, through Tourism NI lead on this aspect. The Outline Business Case (OBC) was approved by DfE and Department of Finance (DoF) in March 2023. However, dependent upon the content and coverage of the DfC Final Business Case, this will need to be updated, to include projected costs and expenditure for EURO 2028, beyond the DfC FBC

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- EURO 2028 Governance structures have been established at both central (UK & Ireland) and local (NI) level, and there are a number of live work strands being taken forward at this time.
- In addition, an Inter-Ministerial Group, with representation from all five administrations, has been established and meets periodically to discuss progress and next steps. All of the other political institutions are fully supportive of NI's continued participation in the EURO 2028 project as a full and equal partner.
- Senior officials would welcome the opportunity to meet, so that a more detailed briefing can be provided.

*Casement Park, owned by the UCGAA, is the only viable stadium that would enable the IFA and NI to host tournament games during EURO 2028. NI's full participation as a joint host therefore, is dependent upon the completion of a Tournament ready stadium that complies with UEFA's requirements and that is completed by the summer of 2027.

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