

FROM THE OFFICE OF THE MINISTER
Diane Dodds MLA



From: Diane Dodds MLA
Minister for the Economy

Netherleigh
Massey Avenue
Belfast BT4 2JP
Tel: **I&S**
email: private.office@economy-ni.gov.uk

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To: Executive Colleagues

THE ECONOMIC IMPACTS OF NON-PHARMACEUTICAL INTERVENTIONS AND THE WAY FORWARD

The Executive is scheduled to consider a suite of options to respond to the recent rise in Covid-19 cases across Northern Ireland, including the potential reintroduction of 'lockdown'. To support Executive colleagues' consideration of these options I have attached three papers on the economic impacts of any such interventions. These supplement the contributions my officials have made to the cross departmental exercise in preparing papers for the meeting.

The key message on the economic impacts of the virus remain stark (see Annex A). Forecasts for the economy from spring onwards painted a bleak picture, but these were predicated on a bounce back in the second half of the year as opposed to even more economic blows. As such, the economic outcome in the short term is set to deteriorate further. In reality, this means over 100,000 people without work, thousands of business failures, and many livelihoods blighted by the long term social, economic and non-Covid health scarring of recessions.

We have already seen these impacts materialise across Northern Ireland. The pandemic has resulted in six years of labour market progress being undone overnight, with unemployment figures to well over 60,000. These statistics are more than economic alarm bells, they are the start of widespread and multidimensional issues that will impact on welfare and wellbeing of our society.

These impacts would have been many times more damaging without the support of the UK Government, particularly the Coronavirus Job Retention Scheme (the 'furlough scheme'). Some 250,000 employees in Northern Ireland were furloughed during the spring, helping around 30,000 of our business stay afloat and reportedly costing HM Treasury some c. £75m a week. In considering the options for the months ahead it is essential that Executive colleagues recognise that this life support is not now available; its replacement (the Job Support Scheme) does not provide any support for jobs and

industries that are not able to work; and as an Executive we do not have the finances or access to the necessary data to replicate the furlough scheme at a local level.

With the policy environment having shifted markedly, so must our own thinking shift as we endeavour to join up the health response with the policy mitigations to help our people and businesses through what will be a very difficult six months.

There are alternatives to lockdowns that we should consider. I have set these out at Annex B and hope to see these included in the discussion on Thursday. The benefits of these alternative approaches are they can be maintained. I have seen a wide range of estimates on the length of time we will be living with the virus, all of them point to an immediate need for us to adapt to the new normal. This adjustment has to include an open and robust economy, where our people feel confident and safe, and our businesses can do what they do best. Short term fixes and constantly changing advice will not help us manage the next six months. Instead, we should be setting clear guidance, communicating the rationale for these steps and keeping our people with us.

At the same time we need to be supporting our economy to make these adjustments. There have been some major achievements over the past six months but there is still more we can do. I have attached a further paper at Annex C which sets out how we can take further steps to rebuild a more competitive, inclusive and greener economy. It is essential that these interventions are partnered with the absolute capacity and capability of the Executive, and I welcome Executive colleagues' contributions on how their departments can collaborate and complement with this response. I trust this analysis is helpful in supporting the difficult decisions we face, and I look forward to the discussion at the Executive on Thursday.

I am copying this to the Attorney General and Departmental Solicitor and to First Legislative Counsel and the Executive Secretariat.

Personal Data

DIANE DODDS MLA
Minister for the Economy