

Witness Name: Kieran Donoghue

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Exhibits: 72

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**UK COVID-19 INQUIRY**

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**WITNESS STATEMENT OF KIERAN DONOGHUE, CHIEF EXECUTIVE OFFICER,  
INVEST NORTHERN IRELAND**

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I, Kieran Donoghue (Invest Northern Ireland Chief Executive), of Bedford Square, Bedford Street, BT2 7ES will say as follows:

1. I am the Chief Executive of Invest Northern Ireland (**'Invest NI'**). I have held this role since January 2024, and I have knowledge of the economic interventions undertaken by Invest NI in response to the COVID-19 pandemic and am duly authorised to make this statement on behalf of Invest NI. Whilst I was not in post during the period within which this statement is concerned, namely between 1<sup>st</sup> January 2020 and 28<sup>th</sup> June 2022 (**'the Specified Period'**), I have overseen the work of the group tasked with collating the information relevant to Module 9 of the UK COVID-19 Inquiry.
2. This witness statement has been prepared in response to the Rule 9 request from the UK COVID-19 Inquiry, Module 9, which examines the economic interventions taken during the pandemic. The information provided is based on my own knowledge, that of my colleagues and the relevant records held by Invest NI.

## **Part A: Introduction**

### **About Invest NI**

3. Invest NI is a 'Non-Departmental Public Body' established on 1<sup>st</sup> April 2002 under the Industrial Development Act (Northern Ireland) 2002. It operates under a Board (which is the body corporate) and at arm's length from the Department for the Economy.
4. As Northern Ireland's regional business development agency, Invest NI is focused on driving a globally competitive, regionally balanced, sustainable, and prosperous Northern Ireland economy by unlocking the potential of businesses across the region. It does this by working with businesses to accelerate their growth by increasing external sales and innovation, creating good quality jobs, boosting productivity and skills, growing inward investment and supporting businesses to reduce their carbon emissions.
5. Invest NI's approach to supporting businesses is based on three key elements:
  - a. Providing information and advice.
  - b. Providing support to help new and existing businesses grow and move into new markets.
  - c. Providing tailored support to businesses that can make the greatest contribution to increasing productivity, innovation and export growth in Northern Ireland.
6. Information and advice are provided to businesses digitally through [nibusinessinfo.co.uk](http://nibusinessinfo.co.uk) and in-person through the Business Support Team which is available via a freephone number, email or live chat function. Financial and non-financial foundational support is provided to all Northern Ireland businesses in strategic areas such as innovation, access to finance and energy & resource efficiency.
7. One-to-many digitally delivered targeted support is provided to encourage innovation within businesses that have increased potential to contribute to key strategic policy objectives.
8. At its core Invest NI works with around 3,000 Northern Ireland-based manufacturing and tradable services businesses which directly contribute to key strategic and policy objectives. Invest NI has one-to-one relationships with these businesses and refers to them as 'Client Companies'. These businesses range from locally owned micro start-ups

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

to externally owned large multinationals with the commonality that they sell, or have the potential to sell, their goods and services into markets outside Northern Ireland.

9. Based on their stage of development, and impact on the economy, Invest NI segments its Clients Companies into three categories - Start, Established and Focus. The categories define the mode and intensity of Invest NI's engagement, and the solutions that are designed and targeted to the businesses.
10. To provide context for a typical year, in the financial year 2019 to 2020 Invest NI made 2,813 offers of assistance totalling £114 million, leveraging £636 million investment and supporting the creation of 5,722 new jobs.
11. Invest NI has offices across Northern Ireland, Great Britain, Republic of Ireland, Continental Europe, North America, Africa, the Middle East and in Asia-Pacific. Our head office is in Belfast, Northern Ireland.

**Invest NI's role in the Northern Ireland Department for the Economy's economic response to the pandemic**

12. Invest NI's role in the economic response to the pandemic can be summarised under the following five broad areas:
  - a. Using its relationships with businesses to provide a direct channel to gather business sentiment, concerns and issues on behalf of the Northern Ireland Executive to help inform, drive and implement their wider business / economic response.
  - b. To deliver six Emergency COVID-19 Response Schemes on behalf of the Department Economy generally targeted at businesses across the Northern Ireland economy and assisting with the delivery of the Highstreet Support Scheme.
  - c. Use its business knowledge to inform and advise on wider emergency schemes that were delivered directly by the wider Northern Ireland Executive Departments, Department for the Economy, and / or the wider Department for the Economy family.
  - d. Design, implement and deliver targeted Invest NI COVID Recovery Programmes; and

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

- e. Provide advice and guidance to all businesses on pandemic related matters through our business communication and marketing channels.
13. Invest NI was asked by the Department for the Economy to implement at pace a total of six Crisis Support schemes in response to the ongoing COVID-19 pandemic. Further details of these Invest NI administered Crisis Support schemes (**'Crisis Support Schemes'**) can be found at Paragraphs 17-21 below. The purpose of the Crisis Support Schemes was to provide emergency financial support to businesses whose operations were impeded or stalled during the pandemic and related lockdown(s).
14. A dedicated project team of approximately 16 staff was established to deliver the Crisis Support Schemes in April 2020. It included an Accountable Officer (Grade 3), Project Leads, workstream leads, specialists across legal, risk, ICT and communications. The implementation of the Crisis Support Schemes was supported by additional teams of staff trained to handle calls, assess and process applications and issue funding. The teams were managed by the workstream leads and the size of the teams flexed to meet the demands of the Crisis Support Schemes. The teams were drawn from the wider Invest NI staff.
15. The team worked at pace to implement and deliver the programmes, produce guidance and information on eligibility and on how to apply, review and assess applications and award funding. As a result of this work businesses across all sectors had access to the resources, guidance, and assistance they needed to help mitigate some of the impacts of the pandemic.
16. In addition to administering the Crisis Support Schemes, Invest NI was involved in further emergency response work (detailed in Paragraph 23 below) and then developed a set of COVID-19 Recovery Programmes (**'Invest NI Recovery Programmes'**). These programmes helped businesses pivot and innovate in response to the pandemic to, for example, access new markets, develop greater digital capabilities and build more resilient supply chains. These efforts ultimately assisted Northern Ireland businesses to weather the immediate crisis and positioned them for long-term growth in a post-pandemic global economy. Please see Paragraphs 24- 25 for further information on the Invest NI Recovery Programmes.

**Department for the Economy Emergency COVID-19 Response Schemes**

17. Invest NI supported and advised the Department for the Economy on a total of ten emergency COVID-19 business support schemes, each of which was subject to a Ministerial Direction from the Department for the Economy Minister. Each scheme was laid out in scope and purpose via Ministerial submissions (*Exhibits KD/01 [INQ000612532], KD/32 [INQ000612569], KD/49 [INQ000612588], KD/51 [INQ000589976], KD/55 [INQ000612595] and KD/62 [INQ000612603]*) for the Department for the Economy to approve expenditure of Northern Ireland Executive funding earmarked for urgent support. Invest NI's role as delivery partner for these schemes was defined with Department for the Economy and the Department of Finance via either a Memorandum of Understanding or Delivery Document.

18. The six Crisis Support Schemes administered by Invest NI on behalf of the Department for the Economy were:

- i. Micro-Business Hardship Fund ('**MBHF**')
- ii. Covid Restrictions Business Support Scheme – Part A ('**CRBSS Part A**')
- iii. Covid Restrictions Business Support Scheme – Part B ('**CRBSS Part B**')
- iv. Limited Company Directors' Support Scheme ('**LCDSS**')
- v. Newly Self-Employed Support Scheme ('**NSESS**')
- vi. Northern Ireland Domestic Aviation Kickstart Scheme ('**NIDAKS**')

19. These six Crisis Support Schemes were operated, administered and accounted for by Invest NI under the terms of their Memorandum of Understanding or Delivery Document in a period of approximately six months.

20. The purpose of the six Crisis Support Schemes was to deliver payments to specific groups of businesses in need. The details on these schemes are set out in the table below:

<b>Invest NI administered Crisis Support Schemes</b>	<b>Summary</b>	<b>Applicants Paid (#)</b>	<b>Assistance Paid (£'000)</b>
NI Micro-Business Hardship Fund	Grants to micro businesses and qualifying Social Enterprises facing cash flow difficulties because of COVID-19	4,302	23,343
COVID Restrictions Business Support Scheme Part A	For businesses required to close / cease trading, but not eligible for the Department of Finance's Local Restrictions Support Scheme	5,186	76,182
COVID Restrictions Business Support Scheme Part B	For businesses not forced to close, but part of the direct supply chain to a business that is forced to close/cease trading	1,795	16,710
Newly Self-Employed Support Scheme	For the newly self-employed who have been adversely impacted by COVID-19	2,492	8,722
NI Domestic Aviation Kickstart Scheme	Grants to maintain and enhance existing Northern Ireland to Great Britain mainland air routes	8	2,774
Limited Company Directors' Support Scheme	For company directors who have been adversely impacted by COVID-19	5,603	19,587
<b>TOTALS</b>		<b>19,386</b>	<b>147,318</b>

Table 1: The six Crisis Support Schemes administered by Invest NI on behalf of the Department for the Economy

21. The rapid deployment of the six Crisis Support Schemes provided a lifeline to countless businesses facing existential threats due to the pandemic and injected critical funding into the economy, helping businesses to adapt and survive, ultimately protecting jobs and livelihoods.

22. As per the Inquiry Request, two of these schemes, the Micro-Business Hardship Fund and Limited Company Directors' Support Scheme ('**the Specified Invest NI Schemes**'), are explored in detail at Paragraphs 48-65 and 75-129 of this statement.

23. In addition to these Crisis Support Schemes delivered on behalf of the Department for the Economy, Invest NI provided further support on another four emergency schemes. These remaining schemes were operated and administered by the Department Economy and Land and Property Services but were accounted for by Invest NI. These were the Small Business Grant Scheme, the Tourism & Retail Sectors Grant, the Large Tourism & Hospitality Business Support Scheme and the Wet Pubs Scheme.

### **Additional Programmes and Support**

#### **Invest NI Recovery Programmes in response to COVID-19**

24. Following the delivery of the emergency funding (described above) and with the easing of COVID-19 lockdown restrictions, Invest NI turned its attention to supporting Northern Ireland businesses in the new post-pandemic economic landscape. The focus of the Invest NI Recovery Programmes was to help businesses address specific challenges or capitalise on new opportunities by, for example, providing access to equity investment, helping move from high street to online sales and implement efficiency, productivity, supply chain development, operational and organisational improvements.

25. The purpose and impact of these ten Invest NI Recovery Programmes are summarised in the following table:

<b>Invest NI Recovery Programmes</b>	<b>Description</b>	<b>No of Offers</b>	<b>Total Assistance £000s</b>
Aerospace Customer Diversification	Research project to identify diversification opportunities for the aerospace sector with no direct financial assistance provided to any businesses	N/A	329
Supply Chain Resilience & Development Framework	Support to review and reconfigure supply chains	9	150
	Advice to review and reconfigure supply chains	57	N/A

1st Witness Statement of Kieran Donoghue on behalf of Invest NI

<b>Invest NI Recovery Programmes</b>	<b>Description</b>	<b>No of Offers</b>	<b>Total Assistance £000s</b>
Digital Selling Capability Grant	Improve online sales by enhancing website and / or digital marketing strategy to drive online sales	158	1,950
Micro Business E-Commerce Grant	Improve online sales by enhancing website and / or digital marketing strategy to drive online sales	404	1,660
Process & Organisation Improvement Grant	Support to change production and delivery methods and adopt new technologies to drive productivity improvements	33	1,240
Productive Investment Capital Grant	Incentivise manufacturing companies experiencing liquidity challenges to bring forward productive investments	102	13,490
Business & Financial Planning Grant	Help businesses develop robust financial plans and develop a strategic recovery plan	107	790
Energy Efficiency Capital Grant	Support for investment in energy efficiency equipment	84	1,370
COVID-19 Equity Investment Fund	Help fill gaps in equity funding caused by private investors no longer supporting early-stage businesses	11	2,330
Regional Economic Recovery Action Plan (RERAP)	Drive economic recovery in NI through business resilience, entrepreneurship, regional balance, green supply chain opportunities, and innovation	289	2,663
<b>TOTAL</b>		<b>1,254</b>	<b>25,972</b>

Table 2: The ten Invest NI Recovery Programmes

**Wider COVID-19 business advisory support and guidance**

26. In addition, Invest NI also utilised its long-standing business communication and marketing channels to provide advice and guidance to businesses on pandemic related schemes, guidance and issues.
27. Invest NI's Business Support Team responded to unprecedented levels of calls from businesses and, in 2020 – 2021, between COVID-19, European Union Exit and general requests for help, the Business Support Team handled over 35,500 calls from businesses and individuals and dealt with almost 11,000 email enquiries, a 600% increase on a standard year. At its peak, the team was responding to c.400 calls a day. The dedicated COVID-19 scheme mailboxes received over 8,800 email enquiries, 98 percent of which were answered in two working days.
28. Our free-to-all information website *nibusinessinfo.co.uk* was the primary source of information in Northern Ireland on national and regional government COVID-19 schemes and key guidance, such as 'working from home'. In 2020-21 it experienced a surge in traffic with nearly 1.3 million visits to COVID-19 related content and a Business Support PDF, which listed all the different support schemes available, was downloaded over 50,000 times.

### **Helping meet medical equipment & Personal Protection Equipment supply needs**

29. As part of the UK Government call to provide much needed medical and Personal Protection Equipment ('PPE') for the NHS and frontline support agencies, Invest NI used its direct channels with Northern Ireland manufacturing businesses to aid resource matching for these vital supplies. Working in close collaboration with colleagues in the Department of Health and the Department of Finance Central Procurement Directorate, Invest NI helped NI businesses to understand product specifications and directed them to procurement opportunities for specific pandemic supply requirements in areas such as PPE, testing services and sanitiser. These were mainly established Northern Ireland based manufacturing businesses which could demonstrate the capability to repurpose their operations to meet PPE requirements and were Invest NI Client Companies. Examples that are in the public domain include repurposing by businesses such as Bloc Blinds, Northwest Medical and Denroy Plastics (*Exhibit KD/69 [INQ000612611]*).

30. This resulted in generating commercial opportunities, provided short-term employment to thousands of people, access to high-quality additional PPE and essential cashflow to manufacturing businesses where core product demand was vastly reduced by the pandemic.
31. Invest NI worked with councils and business groups to signpost businesses to PPE suppliers through initiatives such as Mid & East Antrim Council's *BuySupplyNI* portal, which gave businesses direct access to a range of local suppliers and manufacturers of essential products needed to ensure the safety of employees and customers, as businesses reopened.
32. Invest NI also helped to promote NI business' capability and capacity to export PPE. For example, Invest NI's Asia Pacific team, working with the NI Bureau in Beijing, helped source and secure PPE including over 63 million masks and 55 million gloves. The team identified potential sourcing methods, navigated complex PPE export and manufacturing regulations, engaged in regular communication with Central and Local Government in China and the UK Embassy and liaised with the logistics company on the transportation and delivery of PPE to Northern Ireland.

#### **NI Executive's High Street Scheme**

33. Invest NI was tasked by the Department for the Economy to deliver a significant element of the Northern Ireland Executive's High Street Scheme. The aim of the High Street Scheme was to boost economic activity by providing every person in Northern Ireland, aged 18 and over, with a prepaid card worth £100 to spend in local businesses. It was designed to give a significant boost to Northern Ireland citizens and local retailers in the lead-in to the Christmas period.
34. Invest NI deployed over 300 staff at peak to review and assess 160,000 applications which had been rejected at the first stage check, to ensure that as many citizens as possible received the payment quickly. By the end of the scheme, almost £140 million was paid out to 1.4 million people.

### **Transformation of Skills, Learning, Training Support and Advice for Business**

35. Invest NI flexed its existing skills support programmes to enable businesses to undertake specific activities in response to COVID-19 challenges to improve their business resilience and performance. This included creating online self-tutorial Training Needs Analysis workshops which were available to all businesses across Northern Ireland.
  
36. Invest NI worked with the Open University and the Department for the Economy to develop an online business learning hub offering free flexible, distance learning content to support upskilling and entrepreneurial leadership in Leadership & Management, Entrepreneurship Development, and Digital Skills.
  
37. Invest NI rapidly adapted its delivery mechanism for training to businesses in the absence of being able to deliver face-to-face events. Invest NI launched a COVID-19 Response Webinar series to address key business issues such as 'lean thinking', leadership, cash flow management, factory layout, crisis management, developing a sales pitch and recruitment and selection, all with the aim of providing Northern Ireland businesses with the tools to help improve their resilience, efficiency and exploit opportunities for growth.

### **Invest NI Standard Operational Approach**

38. As noted above, Invest NI's normal approach is to work with businesses to help accelerate growth by providing advice, guidance and financial assistance towards investment projects in the areas of innovation, skills, research and development, jobs, trade, energy & resource efficiency, growth planning and finance. In a typical year, depending upon the availability of budget, this will involve supporting between c.1,500 to c.3,000 business investments. Under Ministerial directions, processes were expedited so Invest NI could deliver a rapid release of significant pandemic support funding. To meet the time-sensitive nature of these emergency schemes, Invest NI carried out a temporary restructure to mobilise and train multiple agile teams. This enabled us to exponentially increase our output, as seen with the six Crisis Support Schemes, which involved assessing over 19,000 applications within six months to deliver £147 million investment. Equal to approximately 10 times the activity rate in any normal year.

## **Part B: Cooperation and Joint Working**

### **Relationship with the Department for the Economy**

39. Invest NI as a Non-Departmental Public Body operates at arm's length from the Department for the Economy and assists in delivering the Northern Ireland Executive's economic development strategies by developing products, programmes and solutions to support business growth across Northern Ireland.
40. The functions, duties and powers of Invest NI are set out in the Industrial Development Act (NI) 2002, Industrial Development (Northern Ireland) Order 1982 (as amended) and Article 3 of the Energy Efficiency (Northern Ireland) Order 1999.
41. The Department for the Economy is principally responsible for developing economic policy in Northern Ireland. It ensures that appropriate resources are available to enable it to carry out this function, including commissioning and undertaking research as may be required to inform policy development. As such, Invest NI receives funding from the Department for the Economy to assist in the delivery of their functions.
42. Today a Partnership Agreement is in place between Invest NI and the Department for the Economy which lays out the roles, responsibilities and operational linkages between the two organisations. This superseded a Management Statement and Financial Memorandum which covered the same issues and applied during the Specified Period (*Exhibit KD/72 [INQ000612614]*).

### **Relationship with the Department of Finance, and any other governmental departments and financial institutions**

43. During the Specified Period Invest NI's engagement was primarily with the Department for the Economy. Through the Department for the Economy, Invest NI also interacted with the Department for Communities, Land and Property Services (which is a Non-Departmental Public Body of the Department of Finance), His Majesty's Revenue and Customs , Departmental Solicitors Office) and the Civil Aviation Authority to verify applicant data, share data across the various COVID-19 response schemes or to seek clarification on

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

emergency COVID-19 legislation. The Department for Communities provided the Department for the Economy with datasets related to businesses supported by its Childcare Support Scheme and Sports Hardship Fund and provided a list of charities registered with the Charities Commission for Northern Ireland. The Department for the Economy thereafter provided Invest NI with this information to enable Invest NI to undertake cross-checks to minimise the risk of duplicate or irregular payments.

44. NI Executive protocols dictate that the Department for the Economy assumes the lead role in the interface with other Northern Ireland Executive departments as appropriate. In the same way that the Department for the Economy leads in all policy contacts with United Kingdom government departments, the European Commission and Republic of Ireland departments.
45. The principal role of Invest NI is to carry out the functions of a service delivery body - developing and implementing programmes and processes designed to help achieve the Department for the Economy's economic policy aims and objectives. The Department for the Economy will seek to ensure that its resources are used in such a way as to maximise Invest NI's freedom to operate within this service-delivery context, subject to appropriate governance and accountability controls being in place.
46. During the Specified Period, the broad framework within which the Department for the Economy and Invest NI operated was set out in the Management Statement and Financial Memorandum between Invest NI and the Department for the Economy.
47. Outside of the Specified Period, Invest NI also has operational relationships with a range of Northern Ireland and United Kingdom government departments. It will, for example, work directly with the United Kingdom government's Department for Business and Trade on export development activities, with Land and Property Services on land valuation and acquisitions, and Central Procurement Directorate on procurement.

**Joint Working Practices**

48. Representatives from the Department for the Economy and Invest NI developed and agreed either a Memorandum of Understanding or Delivery Document for each of the

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

Crisis Support Schemes described at Paragraphs 17-21 above as Invest NI found these helpful in previous programmes it administered on behalf of the Department for the Economy, or with other organisations pre-pandemic. A Memorandum of Understanding clarifies each party's role, responsibilities, and the actions required of each party. For the Specified Invest NI Schemes, the Micro-Business Hardship Fund Memorandum of Understanding (*Exhibit KD/15 [INQ000616278]*) and Limited Company Directors' Support Scheme Delivery Document (*Exhibit KD/35 [INQ000616301]*) are comprehensive in detailing the Department for the Economy's and Invest NI's respective duties, roles and responsibilities.

49. Sharing of data across the schemes delivered by different organisations was important for effective implementation. To support this Data Sharing Agreements were established via the Department for the Economy with His Majesty's Revenue and Customs, Land and Property Services and the Department for Communities.
50. The key structures for project delivery and working practices included:
- a. Establishment of a Project Board – A Project Board was established comprising senior officials in the Department for the Economy and Invest NI, that initially met daily. A sample of Project Board Minutes is included at (*Exhibits KD/25 [INQ000612556] and KD/26 [INQ000612557]*) and shows the type of issues discussed by this Board, and how forward planning and delivery was managed and agreed.
  - b. Invest NI shared relevant information with the Department for Communities, Land and Property Services and His Majesty's Revenue and Customs as appropriate for each scheme. Samples of the Data Sharing Agreement are included at (*Exhibits KD/16 [INQ000612547], KD/17 [INQ000612548], KD/18 [INQ000612549] and KD/57 [INQ000612597]*).
51. Those Invest NI personnel who formed the Project Board were:
- i. Alan McKeown (Executive Director Regional Business and Senior Responsible Officer)
  - ii. Mel Chittock (Executive Director Finance)
  - iii. Peter Harbinson (Executive Director Communications)

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

- iv. They were supported by a core Project Management Team, consisting of Grade 7's which included Paddy Robb, James McEvoy and Mary Gormley
  - v. The Senior Responsible Officer and other members of Invest NI's Executive Leadership Team kept Kevin Holland (Chief Executive Officer of Invest NI at the time) updated on a regular basis
52. The Department for the Economy personnel who formed the Project Board were Brenda Burke and Conor O'Hare who attended regularly, whilst Paul Grocott and Keith Forster attended as required.
53. The Project Board was supported by a team of workstream leads (managed by the Senior Responsible Officer) covering communication, call handling, application processing, payments, ICT and governance. Each workstream lead managed a team of people who were directly involved in the administration of the Crisis Support Schemes.
54. Invest NI submitted a daily "Daily Situation Report" (*Exhibit KD/14 [INQ000612545]*) to the Department for the Economy's central COVID Operational Centre to be shared across the Northern Ireland Civil Service and The Executive Office. This was a new reporting structure put in place specifically in response to the pandemic. The report included figures for furlough and redundancies amongst Northern Ireland businesses throughout the COVID-19 pandemic.
55. This information was later shared in a bespoke, automated Furloughed Workers Bulletin issued to the Department for the Economy and shared appropriately across the Northern Ireland Civil Service. This Bulletin would report on furloughed workers in Invest NI Client Companies.
56. The Invest NI Senior Responsible Officer and Department for the Economy senior managers, named above, were in direct and regular communication daily as all Crisis Support Schemes were developed and delivered. The working relationship was more agile than previously experienced due to the urgency of the situation and the tight timeframes to deliver the funding.

57. Prior to the pandemic, when working with the Department for the Economy, Department of Finance or other governmental departments, working relationships were more formal, and contact and meetings tended to take place in person. Following the pandemic with the imposition of working from home policies, this developed into a more agile and fluid approach. However, the general principles of documenting, agreeing actions and forward plans remained in place.

**Joint Working - What worked well**

58. The Memorandum of Understanding for the Micro-Business Hardship Fund (*Exhibit KD/15 [INQ000616278]*) and the Delivery Document for the Limited Company Directors' Support Scheme (*Exhibit KD/35 [INQ000616301]*) clearly set out respective roles and responsibilities, and the operational criteria for the Specified Invest NI Schemes. This same approach was adopted for the four other Crisis Support Schemes (listed at Paragraph 20).

59. The Project Board meetings focused on solutions to live Crisis Support Scheme issues and queries and as such actions were developed quickly.

**Joint Working – Challenges and overcoming those challenges**

60. Invest NI faced several external challenges, in much the same way that all other public sector and private sector entities did, in terms of general uncertainty regarding how the pandemic was developing, how long restrictions were to be in place, and what the impact on businesses would be. Invest NI adapted quickly to repurpose our working models and our own resources whilst supporting staff during a difficult and busy time for the organisation.

61. More specific challenges included tight timeframes from the Department for the Economy to implement the operational aspects of the Crisis Support Schemes, and their ultimate delivery. These challenges were overcome through regular Project Board meetings between the Department for the Economy and Invest NI which offered a live forum for agreement on decisions.

62. Invest NI took steps to accommodate home working for staff by extending flexible working arrangements, enabling starting and finishing times outside set core hours, reallocating staff where appropriate, and providing detailed training in relation to the delivery of the Crisis Support Schemes (*Exhibits* KD/04 [INQ000612535], KD/05 [INQ000612536], KD/06 [INQ000612537], KD/07 [INQ000612538], KD/08 [INQ000612539], KD/09 [INQ000612540], KD/10 [INQ000612541], KD/11 [INQ000612542] and KD/43 [INQ000612580]).
63. To overcome Crisis Support Scheme challenges, Invest NI scheduled regular structured meetings with the various organisations involved which allowed the relevant personnel to trouble-shoot in real time and assisted in solving problems and issues more quickly. The Memorandum of Understanding and Delivery Documents set out Invest NI's clear roles and responsibilities ensuring clarity on decision making protocols.
64. Ministerial Directions (*Exhibits* KD/02 [INQ000612533], KD/31 [INQ000589979], KD/56 [INQ000589933] and KD/64 [INQ000589944]) and the 'Accounting Officer to Accounting Officer Letters' (*Exhibits* KD/03 [INQ000612534], KD/37 [INQ000612574], KD/42 [INQ000612579], KD/52 [INQ000612591], KD/59 [INQ000612599] and KD/63 [INQ000612599]) provided for the Crisis Support Schemes gave Invest NI the authority, necessary endorsements and approvals to proceed with operating the schemes.
65. To ensure Invest NI's online Portal and associated software and hardware did not fail, Invest NI completed robust testing which involved our ICT team stress testing the system to establish its ability to deal with the anticipated volume of applicants. This was a critical step in ensuring the online application system was ready for use and did not crash after the key schemes went live.

## **Part C: Invest NI's role in the economic response to the pandemic**

### **Invest NI's role in the economic response to the pandemic**

66. In April and May 2020, at the outset of the pandemic due to the significant negative impact on Northern Ireland business, and the need to determine the effectiveness of the government's immediate response, Invest NI undertook an extensive, systematic process of engaging with businesses.

67. A structured questionnaire was used by Invest NI to gain a better understanding of the challenges and commercial issues that businesses were experiencing and to inform how Invest NI could best respond to support business recovery. This was issued to c.3,400 Client Companies, mostly consisting of manufacturing and tradable services businesses, ranging from micro businesses to large multinationals. Sectors represented included aerospace and defence, construction, agri-food, materials handling, general manufacturing, life & health sciences, tourism accommodation, ICT, and business & financial services.
68. Ultimately 1,650 surveys were completed with Client Companies by Invest NI to understand:
- a) What factors impacted businesses when lockdown commenced?
  - b) What support packages were being utilised by businesses?
  - c) What were the major issues customers envisaged as they came out of lockdown?
  - d) What were the resultant sectoral issues arising.
69. Invest NI does not, in its normal course of business, issue questionnaires to Client Companies, rather staff log meetings and feedback from businesses on our Customer Relationship Management system which can collate information into reports. Invest NI does issue an annual Key Performance Indicator survey to Client Companies which captures a range of business data such as turnover, employment, profit, wages and salary costs and external/ export sales by market.
70. The engagement arising from this questionnaire and the results (*Exhibit KD/68 [INQ000612610]*), highlighted the key challenges businesses were facing. The extract below, from the results, demonstrated that reduction in sales, cash flow pressures and social distancing implications were the greatest concerns.

1st Witness Statement of Kieran Donoghue on behalf of Invest NI

Sector	No. of Co's	Reduction in Sales	Operational Issues	Cash Management	Social Distancing	Working Remotely	Labour Availability	Supply Chain Impact	Travel Restrictions
Aerospace & Defence	38	89%	55%	71%	66%	53%	26%	50%	45%
Agri - Food	188	55%	30%	41%	50%	21%	13%	29%	24%
Construction	255	82%	55%	69%	72%	47%	28%	61%	59%
Materials Handling	71	83%	49%	70%	54%	28%	17%	46%	38%
General Manufacturing	407	74%	41%	61%	52%	40%	18%	48%	44%
Financial & Bus Services	291	60%	26%	49%	43%	33%	17%	25%	49%
ICT	282	60%	22%	52%	25%	17%	12%	12%	50%
Life & Health Sciences	74	43%	22%	43%	31%	27%	8%	38%	36%
Tourism Accomodation	44	89%	39%	89%	75%	16%	23%	27%	86%
<b>TOTAL</b>	<b>1650</b>	<b>68%</b>	<b>36%</b>	<b>57%</b>	<b>49%</b>	<b>32%</b>	<b>17%</b>	<b>37%</b>	<b>47%</b>

Table 3: Challenges faced by businesses

71. Another extract below demonstrated that the Job Retention Scheme, Rates Holiday and VAT Deferral schemes were the most used United Kingdom government schemes.

Sector	No. of Co's	Job Retention Scheme	CBILS	CLIBLS	£25k Scheme	£10k Scheme	Rates Holiday	Income Tax Deferral	SSP	VAT Deferral
Aerospace & Defence	38	89%	16%	3%	0%	11%	39%	3%	3%	18%
Agri - Food	188	58%	14%	3%	4%	21%	52%	3%	11%	14%
Construction	255	88%	29%	4%	4%	35%	60%	4%	5%	42%
Materials Handling	71	87%	20%	1%	0%	20%	48%	0%	11%	32%
General Manufacturing	407	73%	19%	1%	4%	35%	50%	3%	5%	33%
Financial & Bus Services	291	58%	13%	2%	5%	32%	38%	4%	4%	31%
ICT	282	45%	10%	1%	1%	29%	43%	2%	1%	33%
Health & Life Sciences	74	39%	15%	0%	4%	23%	28%	1%	4%	22%
Tourism Accomodation	44	77%	18%	0%	14%	11%	66%	0%	0%	41%
<b>TOTAL</b>	<b>1650</b>	<b>66%</b>	<b>17%</b>	<b>2%</b>	<b>4%</b>	<b>29%</b>	<b>47%</b>	<b>3%</b>	<b>5%</b>	<b>31%</b>

Table 4: Support accessed by businesses

72. The output from this exercise provided a wealth of in-depth sectoral information that informed the focus, nature and timing of Invest NI's actions and development of the Crisis Support Schemes and later Invest NI's Recovery Programmes. The results were shared with the Department for the Economy and used to brief politicians and stakeholders.

73. Invest NI did not gather data or monitor the impact of the pandemic specifically upon businesses accessing the Micro-Business Hardship Fund or Limited Company Directors' Support Scheme schemes and it was agreed in the Memorandum of Understanding and Delivery Document that the Department for the Economy would be responsible for any post implementation evaluation.

74. For the Invest NI Recovery Programmes listed at Paragraph 25, Invest NI completed, or where appropriate commissioned, business cases and programme evaluations (*Exhibit KD/70 [INQ000651550]*). The commissioning of external business cases is a normal part of Invest NI's programme development and review processes and is completed via a procurement process.

#### **Part D: Key Economic Interventions**

75. Invest NI administered the Limited Company Directors' Support Scheme and the Micro-Business Hardship Fund on behalf of the Department for the Economy.

76. The objective of the £40 million Micro-Business Hardship Fund was to respond quickly and proportionately through the provision of funding to micro-businesses, and qualifying social enterprises, which were facing immediate cash flow difficulties due to the impact of COVID-19; and who were unable to access other available COVID-19 support measures. I refer to the Ministerial Direction (*Exhibit KD/02 [INQ000612533]*) and Memorandum of Understanding (*Exhibit KD/15 [INQ000616278]*) exhibits for this scheme. Given the speed at which the scheme needed to be delivered, the nature of the self-declared application process and the inability to carry out detailed due diligence prior to processing grant payments, the Department for the Economy's view was that Value for Money could not be guaranteed. The Minister for the Economy therefore sought ratification with an urgent decision request from the Northern Ireland Executive using paragraph 2.14 of the Ministerial Code. Notwithstanding these outlined risks, the Northern Ireland Executive granted approval for the scheme to proceed given the pressing need to provide rapid assistance to micro-businesses.

77. The objective of the Limited Company Directors' Support Scheme was to provide financial support to company directors who were personally adversely impacted by COVID-19. I refer to the Ministerial Direction (*Exhibit KD/31 [INQ000589979]*) and Delivery Document (*Exhibit KD/35 [INQ000616301]*) for this scheme. The Permanent Secretary, Mike Brennan again sought a ministerial direction due to risks attached to the expansion of the scheme particularly that the scheme may not be affordable, due to urgency there was no opportunity to undertake an equality assessment and there continued to be no evidence of value for money. The direction recorded that the Minister

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

for the Economy was content to agree to the extension of a Business Support Scheme for Limited Company Directors and agreed to the eligibility criteria detailed in the executive paper.

78. Invest NI had no role in defining the objectives or the design of either the Limited Company Directors' Support Scheme or Micro-Business Hardship Fund schemes. However, through the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document, Invest NI did provide advice to the Department for the Economy on what types of evidence could be used by applicants to demonstrate that they met the schemes' eligibility criteria. The advice was provided by Invest NI to the Department for the Economy in several in-person meetings. This advice was accepted by the Department for the Economy and included in the agreed Pre-Payment Assurance Procedures which were reflected in the Memorandum of Understanding for the Micro-Business Hardship Fund (*Exhibit KD/15 [INQ000616278]*) specially within the table of Testing Procedures and the Delivery Document for Limited Company Directors Support Scheme Testing Procedures Table at Annex B (*Exhibit KD/35 [INQ000616301]*).

79. Invest NI administered grant applications, processed applications and issued grant payments through its online platforms. Invest NI developed these processes based on our previous experience of approving, awarding, vouching and paying financial assistance, and what we understood to work well.

80. The process used by Invest NI to administer the funds used the following steps:

- i. Communicating details relating to the scheme using various media channels and enabling digital applications through the online portal available via Invest NI's website.
- ii. Using Invest NI's existing Customer Relationship Management system to validate and process applications and offline processes to cross-check applicant data with external organisations, for example His Majesty's Revenue and Customs, Land and

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

Property Services and the Department for Communities. This was to validate the eligibility status of an applicant's business and to check for duplicate applications with schemes administered by other organisations.

- iii. Invest NI conducted duplication checks prior to each payment, these were run against previously paid applicants to ensure a business or applicant was not paid more than once.
- iv. All proposed payments were sent securely to the Department for the Economy to seek their approval for Invest NI to release payment (Sample approval email – *Exhibit KD/20 [INQ000612551]*).
- v. Payments were made electronically via the Bankers Automated Clearing System and accounted for in Invest NI's financial management system, Oracle E-Business Suite.
- vi. An appeals process for each scheme (*Exhibits KD/13 [INQ000612544]* and *KD/38 [INQ000612575]*) was established to deal with rejected applications (Samples included in *Exhibits KD/21 [INQ000612552]* and *KD/45 [INQ000612582]*).

81. Invest NI has more than 20 years' experience as an economic development agency, which includes designing financial and non-financial programmes and schemes, communicating and marketing these to potential applicants, developing application criteria, appraising applications, and making grant payments to successful applicants. Invest NI was able to adapt its well-established processes to deal with the Crisis Support Schemes.

82. Given its expertise, Invest NI did not seek specific assistance from the Department for the Economy or the Northern Ireland Executive for this process.

83. Invest NI was confident in its processes, which stood up during the period of delivering COVID-19 supports. No major problems or incidents presented, as evidenced by audit reports, which characterised the system of governance, risk management and control as satisfactory (*Exhibits KD/28 [INQ000612559]*, *KD/48 [INQ000612585]*, *KD/54 [INQ000612593]*, *KD/61 [INQ000612601]* and *KD/67 [INQ000612608]*).

84. As set out above, the Department for the Economy was responsible for determining the eligibility criteria and Invest NI was responsible for the operational delivery of both schemes.

85. Invest NI worked with the Department for the Economy and provided advice on the ability to verify proposed eligibility criteria.
86. The Department for the Economy and Invest NI agreed to a set of testing procedures for both schemes to give a level of assurance that applicants to both schemes satisfied the relevant eligibility criteria.
87. Lengthy and detailed testing procedures were established and completed for each scheme as set out in (*Exhibits KD/19 [INQ000612550] and KD/39 [INQ000612576]*).
88. The Department for the Economy was responsible for defining “micro-business” and determining the policy rationale for providing funding support to this particular type of business. This was defined and communicated by the Department for the Economy to Invest NI via the Ministerial Direction (*Exhibit KD/02 [INQ000612533]*) and the Micro-Business Hardship Fund Memorandum of Understanding (*Exhibit KD/15 [INQ000616278]*).
89. Invest NI was not responsible for determining to whom the support was directed and did not have any role in defining the parameters, or setting the eligibility criteria, for the Limited Company Directors’ Support Scheme or Micro-Business Hardship Fund schemes. Invest NI followed processes agreed within the respective Memorandum of Understanding and Delivery Document in relation to the scheme criteria and related verification requirements.
90. The table below summarises the number of micro-businesses and company directors who applied and received support from the two Specified Invest NI Schemes:

<b>Specified Invest NI Schemes</b>	<b>Summary</b>	<b>Applications Received</b>	<b>Applications Approved</b>
Northern Ireland Micro-Business Hardship Fund	Grants to micro businesses and qualifying Social Enterprises facing cash flow difficulties because of COVID-19.	4,968	4,302

1st Witness Statement of Kieran Donoghue on behalf of Invest NI

Limited Company Directors' Support Scheme	For company directors who have been adversely impacted by COVID-19.	6,185	5,603
<b>TOTALS</b>		<b>11,153</b>	<b>9,905</b>

Table 3: Summary of the Limited Company Directors' Support Scheme or Micro-Business Hardship Fund schemes

91. As part of the agreed designation of roles, the Department for the Economy was responsible for carrying out post project evaluations of the Specified Invest NI Schemes. Invest NI did not evaluate the impact of either scheme and thus do not hold supporting documentation on the impact this support had on operations and sustainability of recipients.
92. As an economic development agency, used to monitoring progress in real time, Invest NI used its Customer Relationship Management system to generate dashboards that showed the number of applications and categorised the progress of same in terms of the following statuses: received, expired, approved, rejected and paid. This presented no significant challenges or limitations. Sample dashboards for Micro-Business Hardship Fund (*Exhibit KD/22 [INQ000612553]*) and Limited Company Directors' Support Scheme (*Exhibit KD/44 [INQ000612581]*).
93. For all the Crisis Support Schemes administered on behalf of the Department for the Economy, Invest NI provided weekly updates. A sample of this reporting to the Department for the Economy, including Micro-Business Hardship Fund (*Exhibit KD/23 [INQ000612554]*) and Limited Company Directors' Support Scheme (*Exhibit KD/46 [INQ000612583]*), are provided as (*Exhibits KD/24 [INQ000612555]*, *KD/30 [INQ000612563]*, *KD/53 [INQ000612592]*, *KD/60 [INQ000612600]* and *KD/66 [INQ000612607]*).
94. Invest NI confirmed to the Department for the Economy the amount of grant paid and the number of applicants that had been successful in meeting the scheme criteria. This information was given to the Department for the Economy when requesting approval to make additional payments (*Exhibit KD/20 [INQ000612551]*) to successful applications and this enabled the Department for the Economy to manage its budget.

**Success of the Schemes**

95. Assessing the effectiveness of the Specified Invest NI Schemes was not Invest NI's responsibility and Invest NI undertook its role in line with that set out in the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document. Independent audits subsequently carried out on both schemes confirmed assurance in this regard.
96. Responsibility for undertaking a Post Project Evaluation on the Specified Invest NI Schemes to evaluate their effectiveness lay with the Department for the Economy (*Exhibits KD/15 [INQ000616278], KD/35 [INQ000616301], KD/50 [INQ000616285], KD/58 [INQ000616281] and KD/65 [INQ000616281]*).
97. The budget for the Specified Invest NI Schemes was determined by the Department for the Economy. The grant amount was set out in the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document and delivered at these levels by Invest NI. Invest NI had no role determining the quantum of grant offered (*Exhibit KD/33 [INQ000612570]*). Invest NI cannot comment on what worked well, or did not work well, as responsibility for evaluating the impact lay with the Department for the Economy. Invest NI was satisfied that those applicants who met the criteria and were approved received the correct funding to which they were entitled.
98. The eligibility criteria for both the Specified Invest NI Schemes were determined by the Department for the Economy and communicated to Invest NI via the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document. Invest NI processed applications to meet these criteria, based on agreed evidence thresholds. Invest NI's responsibility was delivery and, as such, its role was limited to advising the Department for the Economy as to what evidence could be submitted to verify the eligibility criteria. Invest NI cannot comment on what worked well or did not work well in relation to Eligibility Criteria as this was a decision taken by the Department for the Economy.

99. Invest NI marketed all COVID-19 response schemes, including the Specified Invest NI Schemes, across two campaign phases from April 2020 to March 2021. The campaigns comprised of paid media across digital channels, print, radio and via Invest NI social media channels and email newsletters to ensure maximum coverage across Northern Ireland.
100. A suite of marketing assets was developed by Invest NI's marketing team in conjunction with its advertising agency for the Crisis Support Schemes and Invest NI Recovery Programmes and was used to market these to Northern Ireland businesses across multiple platforms.
101. The initial COVID-19 response media campaign ran from 6<sup>th</sup> April 2020 to 3<sup>rd</sup> July 2020. The role for communications in this phase was to help manage pressure on primary and secondary care services by advising people on action that they can take to slow the spread of coronavirus. This campaign was delivered through digital, radio and print. The digital campaign was delivered across Facebook, Instagram, Twitter, LinkedIn and via display ads across a range of websites. This was supported by a radio campaign on both digital and non-digital channels including Cool FM, DTR, DTRC, U105, Q Radio and a Dax & Bauer sponsorship and a full-page print advert in the Business Eye magazine.
102. A second campaign ran from September 2020 to March 2021. The role for communications in this phase was to maintain public confidence in the Northern Ireland Executive's economic response to businesses; and make stakeholders aware of the support that was available as restrictions tightened. This campaign was delivered through digital, radio and print. The digital campaign was delivered across paid search, Facebook, Instagram, Twitter, LinkedIn and via large format display ads across a range of websites, video on demand, display advertising, ACAST podcast, Irish News, Belfast Telegraph, Chamber of Commerce, Institute of Directors Northern Ireland. This was supported by a radio campaign, broadcaster Video on Demand ('VOD') services including ITV Hub, SKY Admart VOD, Clickable VOD, print included advertising in Business Eye, Ulster Business, Agenda NI, Belfast Telegraph, and Newsletter Business.

103. Details for the Crisis Support Schemes and Invest NI Recovery Programmes including eligibility checkers, guidance packs and application forms were all hosted on Invest NI's online information website *nibusinessinfo.co.uk*.
104. Detailed Frequently Asked Questions and Guidance Notes were developed to help businesses understand the purpose of each scheme, what businesses were eligible, evidence needed to support applications, and timelines for assessing applications. For the Crisis Support Schemes, these were available on *nibusinessinfo.co.uk* and for Invest NI Recovery Programmes these were available on *investni.com* (Samples for Micro-Business Hardship Fund and Limited Company Directors' Support Scheme at (*Exhibits KD/12 [INQ000589930], KD/34 [INQ000589987] and KD/36 [INQ000612573]*)).
105. The Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document listed the respective communication responsibilities for the Specified Invest NI Schemes and Invest NI adhered to both documents.
106. Both campaigns delivered across multiple channels were targeted at senior level business employees and business owners, and decision makers in Northern Ireland. Invest NI consider that the campaigns were successful in raising awareness and ensuring businesses understood the actions that they were being asked to take, and the support that was available to them. During the two campaign phases over 775,000 users visited the Coronavirus hub, hosted on the *nibusinessinfo.co.uk* website, generating 953,000 user sessions.
107. Invest NI operated the Specified Invest NI Schemes for periods as instructed by the Department for the Economy. The Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document listed the initial opening and closing dates for each scheme.

108. The Department for the Economy confirmed the following opening and closure dates of Specified Invest NI Schemes:
- Micro-Business Hardship Fund - opened on 20<sup>th</sup> May 2020 and closed on 12<sup>th</sup> June 2020
  - Limited Company Directors' Support Scheme - opened on 21<sup>st</sup> January 2021, originally set to close on 18<sup>th</sup> February 2021 then extended to 4<sup>th</sup> March 2021 (*Exhibit KD/40 [INQ000589984]*).
109. Any adjustments to the Specified Invest NI Schemes were authorised by the Department for the Economy and Invest NI considers that the introduction and cessation of the relevant support was timed in line with the height of the pandemic and thus allowed for support to be available during times of particular hardship.
110. Invest NI provided a fully digital system for submission and processing of applications, which enabled easy uploading of data and evidence attachments.
111. Where an applicant could not, or chose not to, upload required information, Invest NI offered as an alternative a dedicated email address where the information could be sent. In a few instances, Invest NI provided hard copies of the application form where businesses had no, or limited access to, the internet and Invest NI did receive some applications by post.
112. Invest NI used its Customer Relationship Management system to validate and process applications and used offline processes to cross-check applicant data with external organisations, such as His Majesty's Revenue and Customs, Land and Property Services and the Department for Communities. This was in order to validate the eligibility status of an applicant's business and to check for duplicate applications with schemes administered by other organisations.
113. Payments were made electronically via the Bankers Automated Clearing System and accounted for in Invest NI's financial management system, Oracle E-Business Suite.

**Risk of fraud and Error**

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

114. Processes to manage the risk of fraud, error, duplication and overpayment were agreed jointly between the Department for the Economy and Invest NI and reflected in the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document (*Exhibits KD/15 [INQ000616278] and KD/35 [INQ000616301]*). Paragraph 80 of this witness statement details the steps and processes Invest NI undertook to mitigate the risk of fraud, error, duplication and overpayment.
115. As an example, on the Limited Company Directors' Support Scheme it was agreed between the Department for the Economy and Invest NI that Invest NI would be responsible for investigating instances of potential fraud or error, identified during the completion of the Pre-Payment Assurance Procedures including the completion of any clawback procedures. However, it was agreed with the Department for the Economy that in instances where relevant data sets were not provided to Invest NI prior to payment, or if other payments from other schemes were made after those made by Invest NI, that Invest NI would not be responsible for the investigation of instances of potential fraud or error, and any clawback which may have been required.
116. A detailed Risk Register was maintained by Invest NI which was shared with the Department for the Economy. Samples for the Specified Invest NI Schemes are provided (*Exhibits KD/27 [INQ000612558] and KD/47 [INQ000612584]*).
117. Processes to minimise the risk of fraud, and potential misuse of the schemes were agreed jointly between the Department for the Economy and Invest NI and reflected in the Micro-Business Hardship Fund Memorandum of Understanding and Limited Company Directors' Support Scheme Delivery Document, Testing Procedures Annex included at (*Exhibits KD/19 [INQ000612550] and KD/39 [INQ000612576]*). Further to Paragraph 80 above, duplication checks were conducted prior to each payment run against previously paid applicants to ensure a business or applicant was not paid more than once.

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

118. For each Crisis Support Scheme, Invest NI and the Department for the Economy developed a set of pre-payment testing procedures to obtain a level of assurance that applicants met the eligibility criteria. The testing procedures completed for the Specified Invest NI Schemes are included (*Exhibits KD/19 [INQ000612550] and KD/39 [INQ000612576]*).
119. As part of its responsibilities in the Limited Company Directors' Support Scheme Delivery Document, the Department for the Economy agreed to undertake and complete or procure the undertaking and completion by a third party of post payment assurance procedures to assess the compliance of applicants with the scheme eligibility criteria.
120. For the Limited Company Directors' Support Scheme, Invest NI identified one case of suspected fraud totalling £7,000, of which £3,500 had been paid to the applicant at the point of identification, and £3,500 was withheld by Invest NI following identification of suspected fraud. For the Micro-Business Hardship Fund, there were no fraud cases identified by Invest NI.
121. In total, four suspected cases of fraud were identified across all COVID-19 schemes, totaling £83,441 and the appropriate authorities were consulted in each case. No further fraud has subsequently been identified.
122. Invest NI procedures for dealing with cases of suspected, potential or alleged fraud are documented in its Fraud Response Plan (*Exhibit KD/71 [INQ000612613]*). This procedure was followed in all cases of potential fraud identified by Invest NI for COVID-19 response schemes.
123. Both Specified Invest NI Schemes were audited by Internal Audit Service, and the Northern Ireland Audit Office (*Exhibits KD/28 [INQ000612559], KD/29 [INQ000270531], KD/48 [INQ000612585], KD/54 [INQ000612593], KD/61 [INQ000612601] and KD/67 [INQ000612608]*).
124. Invest NI was commended for effective and timely administration of the Crisis Support Schemes under challenging conditions, with good governance and risk controls. Invest NI's implementation of eligibility checks, payments, and appeals was robust.

However, lessons around documentation, verification limits, and appeal handling will guide improvements should similar schemes be required in the future.

Recommendations were accepted by Invest NI senior management and both reports (Limited Company Directors' Support Scheme and Micro-Business Hardship Fund) underline how Invest NI adapted quickly during a crisis.

125. For ease of reference, the recommendations from the Internal Audit Service Reports for the Micro-Business Hardship Fund and Limited Company Directors' Support Scheme schemes are presented below. This includes our responses and some minor recommendations which have since been actioned. It should be noted that Priority 2 is defined as 'Failure to implement the recommendation could result in a failure of an important organisational objective or could have some impact on a key organisational objective', and Priority 3 as 'Failure to implement the recommendation could lead to an increased risk exposure'.

**Micro-Business Hardship Fund**

Recommendation	Priority 2
<p>Whilst it is recognised that the responsibility for detailing a Fraud Risk Assessment (as detailed in the Cabinet Office guidance - Fraud control in emergency management: COVID-19 United Kingdom Government guide) lies with the scheme owner, Internal Audit recommends that prior to scheme development, Invest NI request access to the fraud risk assessment completed to ensure that adequate controls can be developed and implemented by Invest NI to mitigate the risks identified, in line with the risk appetite defined for the scheme or the Ministerial Direction provided.</p>	
<p><b>Management Response</b> <b>(Accepted, Rejected or Alternative Proposal)</b></p>	
<p>Accepted</p> <p>Management will request from the Department for the Economy, a copy of its Fraud Risk Assessment for the Micro-Business Hardship Fund, and will also request copies of the Department for the Economy's Fraud Risk Assessment for the other Covid Emergency Funds Invest NI is administering on its behalf;</p>	

Covid Restrictions Business Support Scheme (CRBSS) Part A Covid Restrictions Business Support Scheme (CRBSS) Part B Newly Self-Employed Support Scheme (NSESS) Limited Company Director's Support Scheme (LCDSS)	
Responsible Owner	Implementation Date
Alan McKeown Mary Gormley	Completed Requested from the Department for the Economy February 2021

Recommendation	Priority 3
<p>Management should liaise with Department to ensure that any actions required by them as a result of post payment checks being completed, can be completed as required and on a timely basis.</p> <p>For future schemes, Management should ensure that the responsibility for claw back is specified at MoU stage so that issues identified mid scheme and post payment can be rectified as quickly as possible.</p>	
Management Response (Accepted, Rejected or Alternative Proposal)	
<p>Accepted</p> <p>Although responsibility for clawback following post-payment checking may not be specified within the Micro-Business Hardship Fund Memorandum of Understanding, discussions have previously taken place between Management and the Department in relation to this issue.</p> <p>As a result, Management is clear that the responsibility for clawback following post-payment checking of Micro-Business Hardship Fund rests with the Department.</p> <p>With regard to the other schemes following the Micro-Business Hardship Fund, the Memorandum of Understanding /Delivery Document has clarified responsibility in relation to clawback as below;</p>	

<p>The Memorandum of Understanding for Covid Restrictions Business Support Scheme Parts A &amp; B specifies each party's responsibility in relation to claw back.</p> <p>The Delivery Document for Newly Self-Employed Support Scheme specifies each party's responsibility in relation to clawback.</p> <p>The Delivery Document for Limited Company Directors' Support Scheme specifies each party's responsibility in relation to claw back.</p>	
Responsible Owner	Implementation Date
<p>Alan McKeown</p> <p>Mary Gormley</p>	<p>Completed</p>

Table 4: Recommendations and management responses to the Micro-Business Hardship Fund Audit Report

#### Limited Company Director Support Scheme

Recommendation	Priority 2
<p><b>Management should ensure that the assistance is fully recovered.</b></p> <p>Internal Audit Service understands that in this case the processor mistakenly verified the application although the person was not a 'Person of Significant Control'. The payment was made into the company's bank account (<i>Exhibit KD/41 [INQ000589985]</i>) and Management have advised that they will follow this up with the applicant and progress with recovery of the grant paid.</p>	
<p><b>Management Response</b> <b>(Accepted, Rejected or Alternative Proposal)</b></p>	
<p>Accepted - Applicant has been contacted and repayment of grant has been secured.</p>	
Responsible Owner	Implementation Date
<p>Alan McKeown</p>	<p>31.05.22</p>

<b>Recommendation</b>	<b>Priority 3</b>
To aid transparency and accountability, Management should ensure that evidence is retained which confirms involvement of the relevant decision makers at each stage of the appeals process, with supporting evidence received retained on Customer Relationship Management for reference.	
<b>Management Response (Accepted, Rejected or Alternative Proposal)</b>	
Accepted – as noted in the report the scheme was developed and delivered at pace with multiple Covid schemes operationally live simultaneously. Appeals were processed based on satisfactory evidence being produced by the applicant. To aid transparency and accountability management will ensure the relevant decision maker is included on the appeals spreadsheet and supporting documentation is transferred to the appropriate storage locations in line with Invest NI policy.	
<b>Responsible Owner</b>	<b>Implementation Date</b>
Alan McKeown	31.05.22

Table 5: Recommendations and management responses to the Limited Company Directors' Support Scheme Audit Report

## **PART E: Lessons Learned and Reflections**

126. The Northern Ireland Audit Office report dated 8<sup>th</sup> June 2021 covered analysis of both the Micro-Business Hardship Fund and Limited Company Directors' Support Scheme schemes (*Exhibit KD/29 [INQ000270531]*).
127. The recommendations and learning from the Internal Audit Service reports (*Exhibits KD/28 [INQ000612559]* and *KD/48 [INQ000612585]*) on these schemes have been summarised at Paragraph 125 above.
128. The Internal Audit Service report on the Micro-Business Hardship Fund scheme (*Exhibit KD/28 [INQ000612559]*) provided a "Satisfactory" opinion. This report, dated 21<sup>st</sup> February 2021, concluded that the governance, risk management, and control systems

*1st Witness Statement of Kieran Donoghue on behalf of Invest NI*

were adequate. Invest NI effectively administered the scheme in line with the Micro-Business Hardship Fund Memorandum of Understanding agreed with the Department for the Economy.

129. The Internal Audit Service report on the Limited Company Directors' Support Scheme (*Exhibit KD/48 [INQ000612585]*) gave an overall "Satisfactory" rating. This report, dated 31<sup>st</sup> May 2022, concluded that Invest NI implemented the scheme in line with the agreed Delivery Document with the Department for the Economy. The audit acknowledged the significant effort and pace required to design and deliver the scheme during a time of crisis.
130. Invest NI is on a continuous journey of operational improvement and continually reviews its systems and processes to ensure that it operates as efficiently as possible to meet the needs of businesses and has taken on board the findings of the audits described above.
131. Invest NI has not developed any steps that specifically address readiness for a future pandemic. However, Invest NI has identified those areas relating to Business Continuity Planning on its Corporate Risk Register which were in place prior to the pandemic, and which supported Invest NI to continue operating effectively and seamlessly transition to working from home. The Corporate Risk Register is kept under regular review.
132. Operational Excellence and Customer Focus are two of our three foundations, and Invest NI is on a continuous journey to operate as an efficient and high performing organisation with a digital-first culture, and with programmes and processes which are centred around the needs of businesses in NI. Recent examples include simplification of the process for grant assistance for support of less than £50,000, which has seen this process integrated into our Customer Relationship Management system, saving significant processing time and the digitisation of our 'Know Your Customer' checks to both expand our due diligence to over 100 data checks, while automating and speeding up the process.

133. Lessons learnt from the pandemic, and other strategic priorities, have also encouraged Invest NI over the last number of years to focus on how it can develop and launch new programmes at pace and at scale, and how Invest NI can operate entirely remotely. This includes launching low-value, high-volume grant schemes for businesses via an end-to-end digital process and enabling our finance team to move to a fully paperless process that allows suppliers to be paid from any location at any time.

134. In considering how the United Kingdom Government, the Northern Ireland Executive and relevant Northern Ireland Departments should prepare for a similar situation I would make the following recommendations, based on our experience:

- The importance of a strong Customer Relationship Management system and close relationships with businesses to allow staff to gather and capture data and feedback from businesses on a daily basis.
- The ability to feed this real-time information into Daily Situation Reports to ensure that senior managers are kept up to date and decisions can be based on evidence.
- The need for strong digital processes and up to date hardware and software systems to ensure continuity of service to allow staff to operate effectively from off-site locations.
- The inability to quickly assess whether businesses are in financial distress and the need to use self-certification, where appropriate, if schemes need to be delivered at pace.
- The ability to plug into other government departments or utility companies to validate eligibility criteria, for example, whether businesses are trading.

### **Closing Remarks**

135. Invest NI was well prepared to respond to the demands brought by the COVID-19 pandemic. A pilot of hybrid working was run in 2019 which successfully tested aspects such as connectivity, mobile technology, digital systems and remote working practices. An organisational wide roll out of remote working had been planned for April 2020 but was deployed a few weeks early to respond to COVID-19 lockdown

restrictions. This ensured that effective systems and processes were in place that enabled business continuity whilst keeping our staff safe.

136. The appointment of an experienced Senior Responsible Officer and the establishment of a Project Management Team who led the management of our Crisis Support Schemes assisted effective delivery. This was supported by the creation of a wider team of Project Team Leads who were staff with specific skills and expertise in a range of areas including communications, digital delivery, risk-management, auditing, processing, payment and reporting.

137. The Senior Responsible Officer and Project Management Team had frequent meetings with the Project Team Leads, the Project Board, senior officials from the Department for the Economy and Invest NI's Executive Leadership Team which ensured that data-sharing and processing agreements were developed quickly and that vital information, such as furlough numbers and redundancies, was shared on a daily basis.

138. Invest NI deployed a significant amount of assistance, at pace, to keep businesses from failing, protecting jobs and livelihoods. It did so with very minimal levels of fraud which can be attributed to effective risk management, advice provided to the Department for the Economy on the types of evidence that could verify eligibility, ensuring schemes were delivered in line with guidance set out in the Memorandum of Understanding / Delivery Document and having robust systems and processes in place to promote, allow applicants to apply and to process, check, validated, approve and issue payments.

**Statement of Truth**

139. I declare that the contents of this statement are true and accurate to the best of my knowledge and belief. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

**Personal Data**

Signed:

Dated: 08/09/2025