House of Commons

Northern Ireland Affairs Committee

Economic growth in Northern Ireland: new and emerging sectors

Fourth Report of Session 2024–26

HC 1193

Northern Ireland Affairs Committee

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Publication

This Report, together with formal minutes relating to the Report, was Ordered by the House of Commons, on 18 March 2026, to be printed.
It was published on 23 March 2026 by authority of the House of Commons.

Committee Reports are published on the Committee's website at www.parliament.uk/niacom and in print by Order of the House.

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Summary

Northern Ireland's economy has grown strongly since the end of the Troubles, outpacing that of the UK overall in recent years. Its private sector is diverse, with a number of homegrown businesses, and its strengths lie in areas such as advanced manufacturing, technology, defence and clean energy.

One of the UK Government's core missions is kickstarting economic growth across the UK, but the Northern Ireland Executive is responsible for economic development in NI. The Government and the Executive both have their own economic growth strategies, and although there is alignment between the two, they seem to have been developed in siloes, and the number and complexity of these plans and initiatives creates a confusing picture for businesses. We urge the Government to ensure these plans are aligned, and to set specific, measurable and time-based objectives for its own economic growth plans in Northern Ireland. To support this alignment, there should be a Northern Ireland representative on the Government's Industrial Strategy advisory council.

The majority of NI's businesses are SMEs. Given their limited resources, these businesses have less capacity and lower risk appetite to grow and invest. Post-Brexit, through the Windsor Framework, NI also has access to both UK and EU markets. While this has the potential to boost economic growth, it brings a complicated business landscape for companies trading North-South (Northern Ireland to Ireland and the wider EU) and East-West (Great Britain to Northern Ireland), and there are a plethora of support bodies, too. We welcome the UK Government's plans to establish a 'one-stop shop' to provide support for businesses navigating the Windsor Framework, and this should be expanded to provide for all NI SMEs a single point of contact for business queries.

Intertrade UK has been established to provide advice to the UK Government on issues arising from the operation of the Windsor Framework. It has taken 18 months for the Government to set it up properly. Now it is up and running, we believe it needs GB representation on its board to ensure that challenges for GB-based businesses trading into NI are voiced and heard by the Government.

Belfast has historically been the main growth area in Northern Ireland, with a resultant imbalance in economic performance across NI. NI has a number of structural weaknesses holding back growth and contributing to this disparity, most notably: poor infrastructure (roads, rail, digital

connectivity and sewerage); inadequate skills; a slow planning system; and higher energy prices than GB. While responsibility for these areas is devolved to the NI Executive, they are critical to economic growth–so they cannot be ignored by the UK Government. We remain to be convinced that the Executive has a plan to reform planning processes; readily understands the importance of infrastructure as a key mechanism for unlocking economic growth; or has an effective skills policy. Recently the Government and the Executive have invested in places through City and Growth Deals. We think there is scope to expand these deals to fund investment in both core infrastructure and skills. Additionally, the NIO should set out in its economic vision how it plans to work with the Executive to address NI's infrastructure weaknesses.

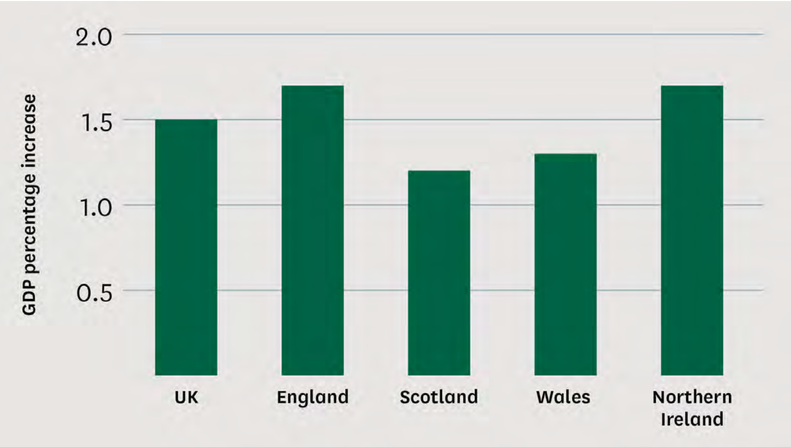
NI also has a high number of economically inactive people. Through EU structural funds and then the UK Shared Prosperity Fund (UKSPF), there has been funding for training and employability programmes to help these people get into and stay in work. The UKSPF ends in March 2026, however, and under its Local Growth Fund replacement the proportion of revenue funding for these programmes is due to fall by 64%. Many vulnerable people will lose their employment support, community and voluntary programmes will cease, and Northern Ireland's skills base will be further undermined. We believe the revenue funding cuts under the Local Growth Fund should be reversed to better reflect the needs of Northern Ireland. Alternatively, the Government should work to establish and then streamline alternative sources of funding so that these vital organisations can continue their vital work.

Introduction

1. In its December 2024 Plan for Change, the UK Government noted its "five national missions to deliver a decade of renewal," the first of these being "Kickstart economic growth."[1] As part of this mission, in June 2025 the Government published its Industrial Strategy, with "ambitious plans for eight high growth sectors."[2] Economic growth is listed in the responsibilities of both NIO Ministers.[3] The Northern Ireland Executive is, however, responsible for economic development in NI. In 2021, the Department for the Economy published its "10x Strategy", setting out its economic vision for 2031.[4] And in 2024, the Executive said that its first priority was to grow a globally competitive and sustainable economy with multi-million-pound investments to prioritise the development of high productivity sectors.[5]

2. In recent years, Northern Ireland's economy has grown faster than the rest of the UK. NI economic output is now 12% above the pre-pandemic level seen in Quarter 4 2019, compared with UK GDP as a whole at 5.2%.[6] Figure 1 Compares GDP increases across England, Scotland, Wales and Northern Ireland from 2010–2023.

Figure 1 – Economic Growth 2010–2023 (GDP % increase)[7]



1 Plan for Change: Milestones for mission-led government HCWS285, 5 December 2024
2 Department for Business & Trade The UK's Modern Industrial Strategy, CP1451, November 2025 p.8
3 Northern Ireland Office, The Rt Hon Hilary Benn MP; Northern Ireland Office, Matthew Patrick MP
4 Department for Economy, A 10x Economy - Summary, May 2021
5 Northern Ireland Executive, Our Plan: Doing What Matters Most, February 2025
6 NISRA, Northern Ireland Composite Economic Index Quarter 3 2025, 15 January 2026
7 House of Commons Library Regional and National Economic Indicators, Research Briefing 06924, 3 March 2026

3. Northern Ireland's economy has a large public sector, with 27% of the workforce employed there, compared with 18% in the rest of the UK.[8] Northern Ireland's private sector also consists mainly of SMEs, most of which are microbusinesses.[9] Great Britain remains NI's largest trading partner, but trade flows have declined to an extent and increased between NI and the Republic of Ireland. In 2015, GB accounted for 59% of all NI imports and 69% of all NI exports; however, these shares fell to 54% and 59% respectively by 2022. Ireland's share of NI exports and imports rose from 14.4% and 9.9% in 2015 to 21.9% and 15.4%, respectively, in 2022.[10]

4. NI's growth sectors include advanced manufacturing and engineering, aerospace and defence, agri-tech, construction, creative technology, financial services, food and drink, global business services, the green economy, life and health sciences, materials handling, professional and legal services, technology and tourism.[11]

5. With the UK Government's core mission being economic growth across the UK, and both Whitehall and Stormont having published their own strategies focused on growth sectors, we decided in June 2025 to launch an inquiry into economic growth in new and emerging sectors in Northern Ireland, to understand how economic growth in Northern Ireland will be enhanced by UK Government economic initiatives and to ensure these initiatives reach all parts of the UK, including NI. We received 28 pieces of written evidence, held three evidence sessions and visited Belfast, Newtownabbey and Derry/Londonderry to meet a range of stakeholders.

6. In this, our first of two planned reports on this inquiry, we consider the UK Government and NI Executive economic strategies in Northern Ireland, the specific needs of SMEs, how economic growth can be unlocked, and the new Local Growth Fund. In the second part of our inquiry, we plan to consider and report on what the UK Government can do to support particular growth sectors themselves in Northern Ireland.

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8 Microsoft NI (EGNI0025)

9 Department for the Economy Northern Ireland Inter-Departmental Business Register Statistics 2025, 11 June 2025

10 Economic and Social Research Institute Economic Overview of Ireland and Northern Ireland, April 2025

11 Invest NI Our Sectors

1 Growth strategies

7. One of the Northern Ireland Secretary's responsibilities is to, "Work to ensure that NI is fully engaged in the development and delivery of new government policy, especially the missions-led approach."[12] Meanwhile, the first of the Under-Secretary of State's responsibilities is to "Lead on economic growth."[13] Economic development is, however, devolved to the Northern Ireland Executive.[14]

8. In 2021, the Department for the Economy published its 10x Strategy, setting out its economic vision for 2031, with three pillars: innovation, inclusive growth and sustainability.[15] Following the 2022 Assembly election and then the re-establishment of the NI Executive in 2024, the then Minister for the Economy, Conor Murphy MLA, set out his approach to the economy, based on four pillars: Good Jobs, Regional Balance, Productivity, and Net Zero.[16] In June that year, the NI Department for Economy published its sectoral plans for growth.[17] And, in early 2025, the Executive said in its Programme for Government 2024–2027 that its first priority was to grow a "globally competitive and sustainable economy" with multi-million-pound investments to prioritise the development of high productivity sectors and invest in R&D, tackle barriers to employment and boost recruitment, and decarbonise the economy.[18]

9. In June 2025, the UK Government published its Industrial Strategy, setting out a 10-year plan to boost investment, productivity and resilience across the UK. In this Strategy, the government identified eight high growth sectors, as highlighted in paragraph 14, (the "IS-8"), which have the greatest potential to drive economic growth, each of which have their own sectoral plan, funding and policy commitments.[19]

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12 Northern Ireland Office, The Rt Hon Hilary Benn MP
13 Northern Ireland Office, Matthew Patrick MP
14 House of Commons Library, Devolution in Northern Ireland, Research Briefing 08439, 28 July 2025
15 Department for Economy, A 10x Economy - Summary, May 2021
16 Department for Economy, Statement from Minister Murphy - economic vision, 19 February 2024
17 Department for Economy Sectoral action plans | Department for the Economy
18 Northern Ireland Executive, Our Plan: Doing What Matters Most, February 2025
19 Department for Business and Trade, Invest 2035: the UK's modern industrial strategy, October 2024

10. The Industrial Strategy stated that it would meet the specific growth needs of each region of the UK, through city region deals and the establishment of industrial clusters, a number of which already exist in Northern Ireland. An Enhanced Investment Zone (EIZ) will also be set up in Northern Ireland, focused on advanced manufacturing.[20] The EIZ is designed to boost NI's existing strengths and stimulate major growth, attracting business and boosting research and innovation.[21] We plan to consider this in more detail in the next phase of our inquiry.

11. We questioned whether this array of strategies creates a confusing strategic picture. We heard that the concept of an industrial strategy was helpful for providing a strategic focus to overcome economic challenges and to capitalise on economic opportunities.[22] The 'triple helix' approach, fostering collaboration between government, industry and academia to boost productivity and drive innovation and growth, was welcomed too.[23]

12. Some stakeholders also highlighted the overlap between the key sectors identified in the Government's Industrial Strategy Sectoral Plans and the Department for Economy's Sectoral plans[24] and the shared goals of the Executive and UK Government's economic strategies on net zero, innovation and skills.[25] Others said, however, that to ensure the Industrial Strategy had a meaningful impact in NI, it should align with the former NI Economy Minister's Economic Mission and the Executive's Programme for Government.[26]

20 Northern Ireland Office, Reeves backs Northern Ireland business and public services at Budget, November 2025
21 Queen's University Belfast (EGNI0015)
22 Ulster University (EGNI0022)
23 Queen's University Belfast (EGNI0015)
24 Q2 [Robert Hill], Q4 [Stuart Anderson]
25 Lisburn & Castlereagh City Council (EGNI0003)
26 Seagate Technology (EGNI0005)

13. The table below compares the UK Government's Industrial Strategy sectoral plan strengths in NI, and the NI Department for the Economy's sectoral plans.

Industrial Strategy Sectoral Plans[27]	Department for Economy Sectoral Plans[28]
Advance manufacturing – advanced material, aerospace manufacturing, agri-tech, space	Agri-Tech Advanced Manufacturing, Materials and Engineering
Clean energy – Offshore & onshore wind	Low Carbon including Green Hydrogen
Creative industries – film and TV	Screen Industries
Defence – combat air, complex weapons, drones & autonomous systems, maritime capabilities	
Digital tech – AI, cyber security, quantum technologies, semiconductors	Software including Cyber
Financial services – fintech	Fintech and Financial Services;
Life sciences – BioPharma, Medtech	Life and Health Sciences

14. Queen's University Belfast was one of those that noted that UK Government and NI Executive policies had been developed separately and sometimes lacked alignment. Additionally, it referred to the importance of strategic decision-making to align these plans, and said the Government needed to articulate the role of NI clearly to maximise the opportunities arising from the Industrial Strategy.[29] There were also calls for the UK Department for Business and Trade to provide further details on how it would work with the NI Executive to ensure NI fully benefited from the Strategy.[30]

15. We heard that the delivery of the strategies was also fragmented,[31] and that the lack of strategic alignment had led to a proliferation of stand-alone interventions that creates confusion for businesses and makes it difficult to see the economic impact. Stakeholders therefore called for greater co-ordination between the Executive and the Government;[32] recommended a

27 Department for Business & Trade Industrial Strategy Sector Definitions List, 4 March 2026
28 Department for the Economy, Sectoral action plans
29 Queen's University Belfast (EGNI0015)
30 Encirc (EGNI0013)
31 Lisburn & Castlereagh City Council (EGNI0003)
32 Antrim and Newtownabbey Borough Council (EGNI0018), Ulster University (EGNI0022), Northern Ireland Chamber of Commerce and Industry (EGNI0023)

broader economic development strategy for Northern Ireland which was built on Government policy;[33] and noted the lack of an overarching NI-specific economic strategy.[34]

16. David Quinn, Executive Director of Belfast Region City Deal at Queen's University Belfast, told us that there had been "various economic action plans in Northern Ireland over the last 12 to 15 years, but arguably no fully coherent Northern Ireland economic plan."[35] He added:

> We have lots of musicians here, but we do not really have a conductor of this orchestra. That is possible; whether it is the NIO, or the NIO working in partnership with the Executive Office, there is a conductor or two in there.[36]

TechUK also told us that the NI Executive and Government should set out how the latter's strategies would be interpreted and implemented in the context of Northern Ireland.[37]

17. One potential mitigation for this lack of alignment comes in the form of the Industrial Strategy Advisory Council, the non-statutory advisory Committee which provides advice to the Government on the development and implementation of the Industrial Strategy and monitors progress in its delivery.[38] Whilst there is a representative from Northern Ireland on the Council, we were told that they are there to represent their sector, and not the views of Northern Ireland.[39] There are in fact no representatives to articulate the economic concerns of any devolved nation.[40] We heard about the need to connect local delivery with national frameworks such as the Council,[41] and that there should be NI representation on it.[42]

18. We discussed the state of the economy with the Secretary of State in March. He noted that the Northern Ireland economy was "one of the strongest"[43] in the UK and added that in NI,

33 Q46 [Steven Norris], SOLACE NI, NILGA (EGNI0008)
34 SOLACE NI, NILGA (EGNI0008)
35 Q21
36 Q29
37 techUK (EGNI0019)
38 Department for Business and Trade, Industrial Strategy Advisory Council
39 Q29 [Stuart Anderson]
40 Northern Ireland Chamber of Commerce and Industry (EGNI0023)
41 Innovation City Belfast Partnership (EGNI0021)
42 Q55 [Alison McCullagh & Steven Norris]
43 Oral evidence taken on 4 March 2026, Q179

economic activity was up 2.9% over the year to quarter three.[44] It has the lowest unemployment. It saw an increase in payrolled employees last year. Output in the service sector saw a new UK high.[45]

19. We also asked him what progress the NIO had made against its objective to, "Develop a targeted UK Government approach to delivering economic growth in Northern Ireland".[46] In response he noted his reference to the statistics above and said that city deals were progressing well, the local innovation partnership fund was being developed, and that he hoped to make an announcement on the enhanced investment zone in the next few months.[47]

20. The most recent NIO annual report 2024–25 also notes that the Department is developing an "economic vision" which "seeks to address structural weaknesses in the economy, build resilience to deal with challenges brought about by rapid changes in the national and global economy, and create the conditions for transformative economic growth."[48]

21. **CONCLUSION**

The UK Government's Industrial Strategy identifies eight sectors that will drive growth, and these map well on to Northern Ireland's sectoral strengths, as well as the Northern Ireland Department for the Economy's sectoral plans. There are, however, a multiplicity of central and devolved government missions and strategies, which fail to provide clarity for businesses on what the overall economic strategy is for Northern Ireland, and how it will be interpreted and delivered.

22. **RECOMMENDATION**

The UK Government and NI Executive need to work together more closely on economic issues, aligning their strategies and co-ordinating their delivery. The NIO should set this out in the "economic vision" referred to in its annual report, and publish this within six months. In this "economic vision", the NIO should include the steps the UK Government plans to take to deliver economic growth in Northern Ireland, and set objectives that are specific, measurable, achievable, relevant and time-bound (SMART). To that end, the NIO should note (in numbers) the additional economic growth, employment and productivity it expects this economic vision to provide.

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44 Increase from Q3 2024 to Q3 2025 (Northern Ireland Statistics and Research Agency NI Composite Economic Index, January 2026)
45 Oral evidence taken on 4 March 2026, Q179
46 Northern Ireland Office About us - Northern Ireland Office
47 Oral evidence taken on 4 March 2026, Q180
48 Northern Ireland Office Northern Ireland Office Annual Report and Accounts 2024–25 (For the year ended 31 March 2025) HC 1431 3 December 2025, p.22

23. **RECOMMENDATION**

There should be a Northern Ireland representative on the Industrial Strategy Advisory Council, to ensure the voice of Northern Ireland's business community can feed into policy development and ensure that the Strategy appropriately supports economic growth in Northern Ireland.

2 Support for SMEs

24. Currently, some 89% of firms in Northern Ireland are micro-businesses (employing fewer than 10 people), while only 2% have 50 employees or more.[49] NI's business ecosystem, with its predominantly SME profile, is therefore described as having a "missing middle". This impacts on NI's wider productivity,[50] because SMEs in general have a limited capacity to undertake, and risk appetite for, opportunities to grow their businesses.[51] We heard that SMEs tend to prioritise their immediate operational needs over strategic planning,[52] while many do not have the capacity or resources to consider exporting.[53]

Research & Development

25. Currently, NI accounts for only 2% of UK R&D spend, which is below its population share.[54] Although there have been a number of significant innovation investments through City and Growth Deals, the overall innovation ecosystem is described as weak: 38% of businesses in NI are classified as "innovation active", compared with 45% across the UK as a whole.[55] We heard that when R&D and innovation opportunities arise, SMEs' size means they are limited in their capacity to engage with and react at short notice to them, and the volume of opportunities can cause confusion.[56] Ulster University called for a body to take on the role of a "navigator" to support SMEs in negotiating the complexity and nuances of schemes.[57] We also heard that businesses are unaware of where to seek support, how to access it or what is required before and after funding is awarded.[58] SMEs also struggle to secure funding to scale new technologies into full

49 Department for the Economy Northern Ireland Inter-Departmental Business Register Statistics 2025, 11 June 2025
50 Queen's University Belfast (EGNI0015), Q9 [Robert Hill]
51 Q17 [Stuart Anderson], Q123 [Colin McCabrey]
52 Matrix - The Northern Ireland Science Industry Panel (EGNI0027)
53 Q110 [Colin McCabrey]
54 Northern Ireland Chamber of Commerce and Industry (EGNI0023)
55 Belfast Region City Deal - Programme Management Office (EGNI0009)
56 Q19 [Robert Hill]
57 Q29
58 Matrix - The Northern Ireland Science Industry Panel (EGNI0027)

production, we were told,[59] and NI manufacturers report challenges in accessing UK-wide innovation funding. Fragmented support programmes also create confusion, particularly for SMEs.[60]

Dual market access and the Windsor Framework

26. Post-Brexit, Northern Ireland remains part of the UK internal market but through the Windsor Framework agreement between the UK and EU, it also retains access to the EU single market in goods. This is known as dual market access. We heard that this is a valuable strategic asset, especially for high-regulation sectors;[61] reduces the operating complexity for NI businesses trading across both markets; and could help establish NI as a trade hub by attracting investment from companies seeking to operate in both markets.[62] Northern Ireland Chamber of Commerce (NICC) members have anecdotally reported the benefits of these arrangements.[63]

27. We also heard, however, that dual market access creates complexity for businesses, regulatory divergence, uncertainty for long-term investors, increased exposure to geo-political risks, and trade uncertainty.[64] Colin McCabrey, Director of Trade at InterTradeIreland, told us that dual market access offers an opportunity to NI which is as yet unrealised. In the current geopolitical context, he added, businesses were choosing stability instead.[65] We were also told that the potential benefits of dual market access were under-realised, as there was a lack of awareness of them among domestic and international businesses and UK Government Departments.[66]

North-South trade

28. Dual market access extends only to the movement of goods. On the island of Ireland, businesses operating North-South face a number of challenges relating to movement of labour. These include:

- a lack of mutual recognition of employee qualifications;
- difficulties for employees accessing mortgages if they live in one jurisdiction but work in another;

59 Antrim and Newtownabbey Borough Council (EGNI0018)
60 Makers Alliance (EGNI0011)
61 Dr Tariq Umar (Senior Lecturer at University of the West of England, UK) (EGNI0001)
62 ADS Group (EGNI0007)
63 Q16 [Stuart Anderson]
64 Seagate Technology (EGNI0005)
65 Q111 [Colin McCabrey]
66 ADS Group (EGNI0007), Makers Alliance (EGNI0011)

- taxation and social security complexities, with businesses having to administer two different payrolls, apply different employment conditions and comply with different pension requirements across two jurisdictions; and,

- the administration costs of operating cross-border, including energy, insurance and regulatory compliance.[67]

29. People were, we heard, increasingly choosing for financial reasons to work in the Republic rather than in Northern Ireland.[68]

East-West trade

30. The Windsor Framework also governs East-West (GB to NI) trade in Northern Ireland post-Brexit. Navigating its complexities is, however, challenging for small businesses in NI and GB, and we heard that this was impacting on UK internal market trade. A recent report found that 64% of NI-based business respondents had no understanding and had not taken advantage of the Framework. This was most prevalent among small businesses, which often cited the difficulty they faced in locating, understanding, and engaging with any support offered by the Government. Of the UK-wide respondents who moved goods between GB and NI, 34% had stopped supplying their customers, due to new barriers or confusion about what regulations applied to them.[69] We heard that SMEs struggled to navigate the Windsor Framework without dedicated support,[70] and many SMEs lacked the resource to engage with it.[71]

Support for businesses

31. There is support for NI SMEs to navigate trade frameworks, export and access R&D and innovation opportunities. But we heard that the proliferation of support bodies - including the Department for Business and Trade, Innovate UK, UK Research and Innovation, InterTradeIreland, Invest NI, and local councils – and the resultant fragmentation of support, was confusing.[72] Makers Alliance told us that SMEs in NI "face an overwhelming

67 Q108 [Colin McCabrey], Q64 [Alison McCullagh], Q107 [Colin McCabrey]
68 Q61 [Alison McCullagh]
69 Federation of Small Businesses Windsor Framework Realities, June 2025 p.14
70 Makers Alliance (EGNI0011)
71 Q122 [Colin McCabrey]
72 Q105 [Colin McCabrey], Q116 [Colin McCabrey], We heard that when it comes to R&D support, there are over 100 fragmented support programmes which create confusion (Makers Alliance (EGNI0011) See also Antrim and Newtownabbey Borough Council (EGNI0018))

array of disjointed supports."[73] The CBI NI also explained that their members received less strategic support compared with GB firms, which they said deters investment and leaves NI at a structural disadvantage.[74]

32. The recent Independent Review of the Windsor Framework, undertaken by The Rt Hon. the Lord Murphy of Torfaen, recommended that the UK Government establish a one-stop shop for businesses trading East-West. The Government accepted this suggestion, saying that the new service would go beyond what was available on Gov.uk and support businesses trading across the UK, including advice on how they might benefit from dual market access.[75] It is supported by funding announced in the November 2025 budget.[76] This one-stop shop will begin operation in financial year 2026–27. The Rt Hon. the Baroness Foster of Aghadrumsee, Chair of Intertrade UK, told us that she hoped that this would be SMEs' first point of contact in navigating the Windsor Framework.[77] Colin McCabrey of InterTradeIreland recommended that this one-stop shop bring together North-South and East West matters.[78]

33. **CONCLUSION**

SMEs are the dominant business structure in Northern Ireland. If they are to innovate, take risks and build economic growth in NI, they need specific support, particularly in navigating dual market access to the EU and UK internal markets. Currently, the multiple bodies providing support in different areas may be confusing matters rather than helping. We welcome the Government's commitment to establish the one stop shop recommended in the Murphy Review, but there should be a mechanism that is wider in scope, creating a central hub for business support.

34. **RECOMMENDATION**

The Government should establish a completely overarching one-stop shop for NI SMEs trading in goods and services. This facility should bring together support on accessing innovation funding, trading East-West, North-South and more widely in the EU, as well as wider business support to enable businesses to invest and grow. The Government must clarify when in the next financial year this one stop shop will be open for business.

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73 Makers Alliance (EGNI0011)
74 Confederation of British Industry NI (EGNI0020)
75 Northern Ireland Office The Government's response to the Independent Review of the Windsor Framework, 16 December 202, pp.15–16
76 HM Treasury Budget 2025, November 2025
77 Q98 [Colin McCabrey]
78 Q117 [Colin McCabrey]

Intertrade UK

35. The January 2024 Safeguarding the Union Command Paper committed to establishing Intertrade UK as a non-statutory advisory board, to promote trade within the UK.[79] Intertrade UK's terms of reference state that it will provide advice and present findings, research and recommendations to the East-West Council[80] and the Secretary of State for Northern Ireland, and may undertake work at their request.[81] Intertrade UK is independent of Government, but is appointed and resourced by the Northern Ireland Office. Its current membership is made up of solely Northern Ireland-based interests.

36. Baroness Foster told us that businesses in GB also face challenges in trading with Northern Ireland and suggested that the Secretary of State appoint somebody with GB experience to the board of Intertrade UK.[82] She outlined that small traders do not have the time or resources to investigate what is needed to trade into Northern Ireland. She therefore suggested that appointing someone with GB experience might help overcome this.[83] Baroness Foster told us that the role of Intertrade UK is to identify barriers to internal market trade, and where possible, suggest solutions.[84]

37. NICC said that given GB remains NI's largest market, the frictions between GB and NI needed to be kept under continual review, with regulatory divergence being the greatest challenge.[85] Baroness Foster highlighted the recent fall-off in east-west trade, and credited this in part to the lack of understanding of the manufacturing supply chain when the Windsor Framework was established.[86] The Secretary of State told us:

> Some people look at trade between Northern Ireland and the rest of the United Kingdom and think, "It is a bit complicated and difficult." We are doing a lot of work on that.[87]

38. Baroness Foster of Aghadrumsee was appointed as Chair in September 2024 but Intertrade UK itself was allocated funding only in November 2025. The Secretary of State told us that this was because "the wheels of government take time to churn".[88]

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79 Northern Ireland Office, Safeguarding the Union CP1021, 31 January 2024
80 The Ministerial body agreed under the Safeguarding the Union Command Paper to improve connections between GB and Northern Ireland.
81 Northern Ireland Office, Intertrade UK - Terms of Reference
82 Q69
83 See previous reference
84 Q80
85 Q16 [Stuart Anderson]
86 Q91
87 Oral evidence taken on 4 March 2026, Q181
88 Oral evidence taken on 4 March 2026, Q182

39. **CONCLUSION**

Intertrade UK has the potential to be a key source of advice and solutions for the UK Government, but its Board membership needs to be broader to ensure that the east-west trade challenges faced by GB-based businesses are considered. It has taken longer than necessary for the Government to establish Intertrade UK. We expect more agility now it is funded and its work programme is in place. We plan to engage with it and may suggest pieces of work for it to undertake.

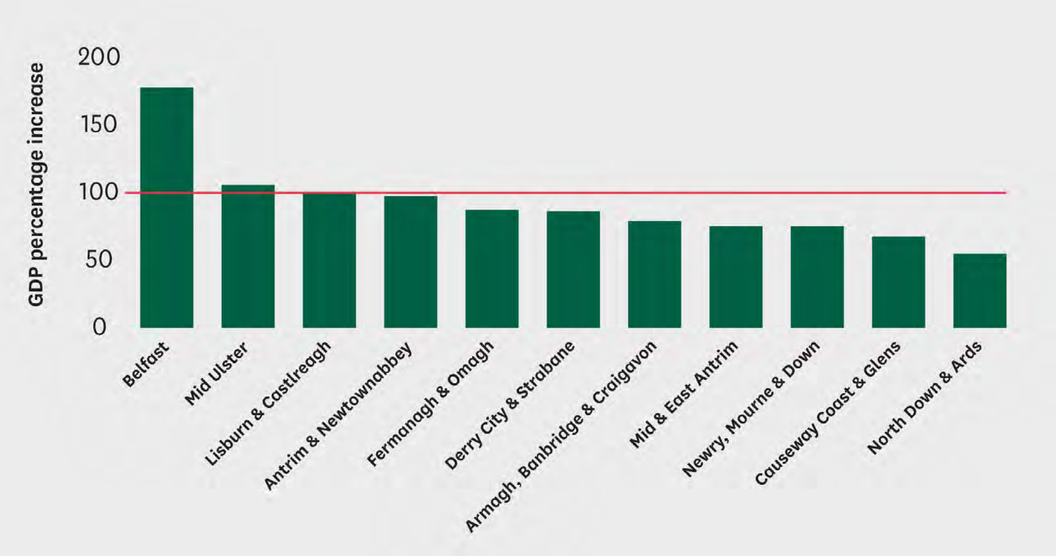
40. **RECOMMENDATION**

The Secretary of State should appoint a GB representative to the Board of Intertrade UK.

3 Unlocking economic growth

41. Targeting support at specific sectors is important in driving growth, but we also heard that policies based on the development of particular places and sub-regions should have a role, too, with the benefits of investment and growth therefore being spread across Northern Ireland. Growth across NI has been unequal since the 1950s.[89] We were told that NI has a "very close-knit economy", focused on the urban centres of Belfast and Derry/Londonderry, with disparity among NI's subregions, in part due to problems with regional connectivity, infrastructure and the availability of people.[90] Alison McCullagh, Chief Executive of Fermanagh and Omagh District Council, suggested that Belfast may have grown at the expense of other regions.[91] She added that without addressing sub-regional imbalance, NI's sectoral strengths would not be unlocked.[92] The table below sets out the gross value added (GVA)[93] by local government areas in 2022.

Figure 2 – Index of GVA per capita (NI=100), LGDs, 2022[94]



89 Ulster University Economic Policy Centre, Delivering balanced regional growth in Northern Ireland May 2025
90 Q36 [Steven Norris]
91 Q37
92 Q40
93 The value created by a good or service used or produced in an economy.
94 Ulster University Economic Policy Centre, Delivering balanced regional growth in Northern Ireland May 2025, p.12

42. Place-based economic growth has been a part of UK Government policy, with City and Growth Deals supporting this approach. In Northern Ireland, the Government and the NI Executive have committed to invest £1.2billion through four such deals.[95] They cover Belfast, Derry & Strabane, Mid-South West, and Causeway Coast & Glens, and are designed to stimulate inclusive, place-based economic growth.[96] Of these, the Belfast Region City Deal (BRCD) is the most established. On our recent visit to NI, we visited the Advanced Manufacturing Innovation Centre in Newtownabbey which is funded by the BRCD, and Belfast Harbour, where we heard about the role of the BRCD in driving growth across the region. BRCD Programme Management Office (PMO) described the success of the approach of the city deal so far in demonstrating the benefits that a sub-regional emphasis can have.[97]

43. Others told us that the benefits of City and Growth Deals were being realised,[98] and providing an unprecedented level of investment into R&D in NI.[99] Stakeholders pointed out the bureaucracy and delays in completing projects, but they said such deals have been a catalyst for economic growth and leveraged private sector funding.[100] The Secretary of State also highlighted that city deals are "progressing well".[101]

44. We also heard how these deals are peer-reviewed, independently challenged investments that align well with Northern Ireland's sectoral, industry and regional strengths.[102] Stakeholders explained that they are opportunities to create collaborative projects, bringing together actors at a senior level across central Government, local government, and education in way that has not been achieved before. They operate across a broader geography and bring in funding, drive growth and productivity, and support more companies in research and innovation.[103]

Devolution of powers to NI local authorities

45. Considerable economic development powers are retained by the Executive. Stakeholders told us, however, that the conditions exist for these powers to be devolved further, to local government. They highlighted City and Growth Deals as a good example of how local government can do more.[104] When we met Antrim & Newtownabbey Borough Council in NI, they told

95 Department for the Economy City and Growth Deals
96 Makers Alliance (EGNI0011)
97 Belfast Region City Deal - Programme Management Office (EGNI0009)
98 Q42 [Alison McCullagh]
99 Matrix - The Northern Ireland Science Industry Panel (EGNI0027)
100 Q11 [Professor Bartholomew], Q44 [Steven Norris]
101 Oral evidence taken on 4 March 2026, Q180
102 Q6[Professor Bartholomew], Q21 [Stuart Anderson], Q26 [Stuart Anderson]
103 Q33 [David Quinn], Q44 [Steven Norris]
104 Q38 [Alison McCullagh]

us they would welcome more powers under these deals. The Matrix Panel, Northern Ireland's science industry advisory group, also told us that the UK Government should focus on creating mechanisms jointly with local and devolved government.[105]

Determinants of economic growth

46. City and Growth Deals demonstrate the potential of collaboration between the UK Government and NI Executive. During our inquiry, stakeholders consistently raised with us problems in policy areas where responsibility is largely devolved, particularly skills, infrastructure, and planning, but which impact on economic growth.

Skills and productivity

47. To date, City and Growth Deals have been capital-focused, but the Society of Local Authority Chief Executives and Senior Managers (SOLACE) NI & the Northern Ireland Local Government Association (NILGA) have called for a shift away from capital-dominant investments, which they say are less impactful without resource investment, such as in skills.[106] Acknowledging the importance of retaining people in places where they live in order to build sustained growth there, Innovation City Belfast added that the deals should have a long term focus on skills to retain people and build a skills pipeline.[107] While Northern Ireland's education system delivers some of the best academic results in the UK,[108] and its universities create skilled opportunities,[109] levels of economic inactivity remain among the highest in the UK, particularly among young people.[110]

48. In October 2025, the Economy Minister introduced a skills action plan.[111] The Department also maintains a skills barometer.[112] NI also faces a chronic shortage of skilled labour, particularly in STEM and vocational pathways. Many employers report difficulties in recruiting suitably skilled staff, particularly in the face of evolving technology, creating a skills mismatch.[113] Some 80% of NICC members face persistent recruitment challenges,[114]

105 Q8 [Robert Hill]
106 SOLACE NI, NILGA (EGNI0008)
107 Innovation City Belfast Partnership (EGNI0021)
108 ADS Group (EGNI0007)
109 Ulster University (EGNI0022)
110 The King's Trust NI, YouthAction NI, Springboard Opportunities Limited, Include Youth, The Bytes Project, NI Youth Forum (EGNI0010)
111 Department for Economy, Skills Action Plan, 16 October 2025
112 Department for Economy, Skills Barometer 2023–33, 9 January 2026
113 Northern Ireland Chamber of Commerce and Industry (EGNI0023), Makers Alliance (EGNI0011)
114 Q16 [Stuart Anderson]

and BRCD Programme Management Office (PMO) told us that 35% of all vacancies were linked to skills shortages.[115] We heard that workforce and labour needs are holding businesses back from growing, as the appropriate skillsets do not exist.[116] Dr Tariq Umar, Senior Lecturer at the University of the West of England, described talent development as a "critical barrier".[117]

49. Low productivity is also an issue in NI. In 2022, it was 10% below the UK average and 40% below that of the Republic of Ireland,[118] although the Republic's competitiveness is bolstered by its competitive rate of corporation tax, currently 12.5%.[119] David Quinn told us that skills is "one of the big drags on our productivity".[120] Councillor Tim McClelland, from the Northern Ireland Local Government Association, added that without people development, City and Growth Deals would not achieve all their aims.[121] Employability and skills is one of the four pillars of the Belfast Region City Deal, and work has been undertaken to identify the skills that will be required.[122] Alison McCullagh said it was regrettable, however, that a skills strand was not developed to complement and underpin all the City and Growth Deals.[123]

Infrastructure

50. Throughout our inquiry, we also heard how underinvestment in Northern Ireland's infrastructure is holding back economic growth and we remain to be convinced that the importance of infrastructure (as an example, improving waste water management capacity and grid capacity) as a key mechanism for unlocking economic growth is readily understood or prioritised. The Matrix Panel highlighted the importance of connectivity for place-based economic growth.[124] We heard about underinvestment in and mounting pressure on critical infrastructure: transport connections, digital connectivity, broadband infrastructure, mobile coverage and 5G connectivity, wastewater and sewerage processing, housing, electricity

115 Belfast Region City Deal - Programme Management Office (EGNI0009)
116 Q123 [Colin McCabrey]
117 Dr Tariq Umar (Senior Lecturer at University of the West of England, UK) (EGNI0001)
118 Belfast Region City Deal - Programme Management Office (EGNI0009)
119 Chartered Accountants Ireland (EGNI0006)
120 Q18
121 Q44
122 Belfast Region City Deal - Programme Management Office (EGNI0009)
123 Q50
124 Q24

supply and the energy grid.[125] Contributors explained that this was harming businesses' ability to digitise and attract investment, and their employees' ability to get to work.[126]

51. Stakeholders also told us how infrastructure is foundational to balanced sub-regional growth and key to balancing economic development across NI.[127] David Quinn said that infrastructure and connectivity was important for bringing in businesses investment to rural economies.[128] Alison McCullagh told us how historical underinvestment in infrastructure in the Mid South West region had meant growth deal funding, which was designed to add value, had been spent on core infrastructure projects. These, she argued, were central Government's responsibility.[129] In 2019, the NI Audit Office conducted a major report into NI's infrastructure challenges, and NICC told us of the limited progress in tackling them since.[130]

52. In the NIO's most recent annual report, 2024–25, it stated that it is," Working with the Northern Ireland Executive to support the development of …[an] Infrastructure Strategy for Northern Ireland."[131] In evidence to us in March, the Secretary of State said:

> Infrastructure is the responsibility of the Northern Ireland Executive. On the water and sewerage system, all of us are well aware that there are plans for economic development, new sites and housing that currently cannot progress because the question of the water infrastructure system in Northern Ireland has not been addressed by the Executive for a long time.[132]

Energy

53. Energy cost differentials between GB and NI also affect businesses, according to evidence we received. NICC highlighted the example of a manufacturer with a plant in NI who was paying 40% more for energy costs than those in GB.[133] Makers Alliance told us that NI manufacturers faced some of the highest industrial energy costs in Europe, which undermined

125 Q41 [Alison McCullagh], Q49, Belfast Region City Deal - Programme Management Office (EGNI0009), Makers Alliance (EGNI0011), Lisburn & Castlereagh City Council (EGNI0003), SOLACE NI, NILGA (EGNI0008) Encirc (EGNI0013)
126 Makers Alliance (EGNI0011), Encirc (EGNI0013)
127 Q36 [Steven Norris]
128 Q25
129 Q45
130 Q17 [Stuart Anderson]
131 Northern Ireland Office, NIO Annual Report and Accounts 2024/25 3 December 2025
132 Oral evidence taken on 4 March 2026, Q180
133 Q4

competitiveness and deterred investment.[134] We heard that there were energy reliefs and exemptions in place in GB which were not available in NI, as energy responsibility is devolved to the NI Executive.[135] Our predecessor Committee conducted an inquiry in 2023–24 into net zero and renewable energy, which highlighted the lack of infrastructure, particularly grid capacity, and consumer awareness, and the unsupportive policy environment which was inhibiting NI's transition to more sustainable energy sources.[136]

Planning

54. Planning responsibility in Northern Ireland is split between local councils and the Department for Infrastructure. We heard that "slow and unpredictable" planning processes act as a barrier to growth, with major planning applications taking longer than they should do, and significantly longer than in GB.[137] While in Northern Ireland, we visited Antrim & Newtownabbey Borough Council, which told us that its approach to planning, bringing together the planning and economic development functions under one department,[138] had benefited the local economy, with one of the fastest rates of planning approvals in Northern Ireland.[139] In written evidence, Indaver, a waste management company, and Dalradian, a mining company, both set out the impact of NI's slow planning system on their businesses.[140]

55. **CONCLUSION**
We have received no evidence to date that the Executive has a thought through or deliverable plan to address and reform the deficits in planning policy and processes.

Barriers to growth

56. NICC described how the barriers to NI's growth were structural and intertwined, noting that

134 Makers Alliance (EGNI0011), Encirc told us that "electricity costs place a strain on our business, and many others, ability to grow and invest". Encirc (EGNI0013)
135 Encirc (EGNI0013), Confederation of British Industry NI (EGNI0020)
136 Letter from the Chair to the Secretary of State for Northern Ireland regarding renewable energy and net zero in Northern Ireland, 24 May 2024
137 Q51 [Alison McCullagh], Northern Ireland Chamber of Commerce and Industry (EGNI0023)
138 Antrim & Newtownabbey Borough Council invest Antrim & Newtownabbey
139 Q59 [Steven Norris]
140 Indaver (NI) Limited (EGNI0017), Dalradian (EGNI0024)

> political instability stalls policy progress; that exacerbates skills system fragmentation and infrastructure under-investment; those in turn constrain business expansion and productivity, which then limits the emergence of high-growth sectors.

It added:

> These issues particularly hamper new and emerging sectors that need agile decision-making, modern infrastructure and skilled talent to thrive.[141]

NICC concluded that without a focus on these unique regional challenges, the full potential of the Industrial Strategy would not be realised in NI.[142]

57. As we noted earlier in our report, one of the objectives of the NIO is to "Develop a targeted UK Government approach to delivering economic growth in Northern Ireland",[143] and its annual report states that the Department is developing an "economic vision".[144]

58. **CONCLUSION**

City and Growth Deals have the potential to support not only sectoral growth, but growth and increased prosperity across the sub-regions of Northern Ireland. To that end, future deals might include local government to a greater extent. While current deals are focused on much-needed capital investment, there remain concerns that a complementary skills element is not in place to ensure that this investment is sustainable. Northern Ireland's productivity and skills challenges are long-standing and well known, as are its problems with infrastructure, energy and planning. We have ongoing concerns about the Executive's effective use of the Skills Barometer 2023–2033 and the ability to maximise the opportunities to deliver policies. Given the UK Government's economic growth mission and the responsibilities of NIO Ministers for supporting economic growth, they cannot be ignored by Whitehall. Without the facilitating infrastructure and connectivity in place, growth will be slower and concentrated in fewer places.

59. **RECOMMENDATION**

Future City and Growth Deals should include greater powers for local government in Northern Ireland. Deals should also include complementary funding strands on both skills and core infrastructure.

141 Northern Ireland Chamber of Commerce and Industry (EGNI0023)
142 Q32 [Stuart Anderson]
143 Northern Ireland Office About us - Northern Ireland Office
144 Northern Ireland Office Northern Ireland Office Annual Report and Accounts 2024–25 (For the year ended 31 March 2025) HC 1431 3 December 2025

60. **RECOMMENDATION**

The 'economic vision' that the NIO is developing, including time-bound objectives as we recommend earlier in this report, should clearly set out how the Government will address the structural weaknesses associated with the largely devolved but unignorable policy areas of skills, energy, planning and infrastructure. It should align with the infrastructure strategy, on which the NIO has been working with the NI Executive.

4 Local Growth Fund

61. Northern Ireland has a high and longstanding level of economic inactivity. Among young people and disabled people, these levels are higher than in Great Britain. Some 23,000 young people in Northern Ireland are not in education, employment, or training,[145] and the disability employment rate is only 43.7%.[146]

62. NI used to receive funding to tackle economic inactivity from the European Social Fund. When the UK left the EU, this funding was replaced by the UK Shared Prosperity Fund (UKSPF), but economic inactivity funding dropped from £41.36m in 2022–23 under the ESF to £28.8m per annum in 2023–25 under the UKSPF. Although it was designed to last only until 2025,[147] a last-minute extension was secured so that the UKSPF would continue until March 2026.[148]

63. In the 2025 Spending Review, the Government announced that the UKSPF would be replaced by a new Local Growth Fund in April 2026, as part of wider changes to local investment, designed to bring together multiple short-term funding streams into a single, long term fund.[149] In October 2025, we heard that the voluntary sector was unclear how the new fund would work and what the capital-revenue split would be.[150]

64. In 2025, the £45.5m allocated under UKSPF to Northern Ireland, saw funding split between revenue (£33.7m) and capital funding (£11.8m), representing a roughly 75–25 split between the two.[151] On 19 December 2025, the sector was informed that there would be a 70–30 capital-revenue split in the new fund. Funding specifically designed to end economic inactivity would therefore fall from £25m in 2025–26 to £9.2m in 2026–27, an effective 64% cut.[152]

145 NISRA 23,000 young people not in education, employment, or training (NEET), 20 November 2025
146 NISRA Quarterly Labour Force Survey Tables – February 2026, TableR 2.35
147 The King's Trust NI, YouthAction NI, Springboard Opportunities Limited, Include Youth, The Bytes Project, NI Youth Forum (EGNI0010)
148 Ministry of Housing, Communities and Local Government, UK Shared Prosperity Fund: prospectus, 17 December 2025
149 HM Treasury Spending Review 2025 , 30 June 2025
150 Oral evidence taken on 29 October 2025, Q10, [Celine McStravick]
151 House of Commons Library, Local growth fund, Briefing paper, 10 February 2026
152 NICVA NICVA slam Christmas Shock for Northern Ireland's Community Sector with 64% Funding Cut set to Threaten Jobs and Services 19 December 2025

65. Over 24,000 people have been supported by economic inactivity programming under the UKSPF.[153] It supports the most vulnerable—young people, people with disabilities, ex-prisoners, and people returning to and seeking to remain in work—by providing training, qualification opportunities, as well as ongoing employability support.[154] The YouthStart Consortium, a recipient of UKSPF, set out how between April 2023 and March 2025, they supported 2,387 young people across NI, moving 490 into employment or self-employment and a further 950 into education or training.[155] While we were in Northern Ireland in January this year, we met organisations affected by the proposed changes in funding and heard how under the UKSPF:

- some 6,200 of Belfast Works clients had achieved a qualification, and 1,400 people secured a job; and
- one organisation had secured a 20% conversation rate into employment for vulnerable women, many of whom had experienced domestic or sexual violence.

66. In evidence to us in late 2025, we heard that as a result of the change in the capital-revenue split under the new Local Growth Fund, 11,000 people would lose employability support.[156] On our visit to Northern Ireland, we heard that the change would mean:

- more than 50 people with disabilities whom Mencap supported would lose the programmes and face social isolation; and
- the 1,600 people with mental ill health whom Action Mental Health support would lose this resource.

67. We also met young people in Derry/Londonderry, many of whom wanted to have careers in youth work but were not hopeful that the sector would exist to provide them with the opportunities. The PSNI also raised concerns about the impact of the cuts on crime and policing, noting the role of the voluntary sector in putting on events during times of potential volatility, keeping vulnerable young people away from disorder.

68. While in Northern Ireland, we heard how the capital-revenue split of the fund was inappropriate, given the key role of the voluntary sector in providing support, and the lack of alternative support systems which

153 Oral evidence taken on 29 October 2025, Q2, [Celine McStravick]; NICVA, Policy Brief - Impact of the Local Growth Funding Decision on Northern Ireland, January 2026
154 Oral evidence taken on 29 October 2025, Qq.2–6
155 The King's Trust NI, YouthAction NI, Springboard Opportunities Limited, Include Youth, The Bytes Project, NI Youth Forum (EGNI0010)
156 Oral evidence taken on 29 October 2025, Q14, [Martin McMullan]

in Great Britain were largely delivered by local authorities.[157] We also heard that NI requires staff to deliver programmes, not new buildings or computers. The voluntary sector described the cuts as "cruel and devastating", with staff being made redundant and the employability support programmes either reducing or coming to an end. They told us how the cuts would effectively dismantle the organisational capacity needed to support economically inactive people, setting the sector back 30 years.

69. Following our evidence session in October 2025, we wrote to the Secretaries of State for Housing, Communities, and Local Government and for Northern Ireland, asking for further clarity for the sector about the new funding arrangements.[158] We wrote again in January and February 2026, following our meeting with voluntary sector representatives in Northern Ireland, setting out our concerns and calling for a reversal of the capital-revenue split of the fund, to reflect the funding split under UKSPF.[159] In response to our most recent letter and in evidence to us on 4 March, the Government pointed to other forms of funding available, highlighting the Executive's record settlement and recent £400m reserve claim funding to support public services, as well as the Changemaker stream of PEACEPLUS funding, EU-managed funding available to the voluntary sector for projects supporting community cohesion.[160] We understand that the Secretary of State convened a meeting with PEACEPLUS and the voluntary sector in early March to explore the options available to the sector and respond to its concerns about the length and burdensome process of PEACEPLUS applications.[161] We have written to the Secretary of State to ask for an update on the outcome of this meeting.

70. Back in November 2024, at our first evidence session with the Secretary of State, we asked him about the nature of his role. He told us:

> I of course am an advocate for Northern Ireland in the Government. That is my job and you would expect it. I am also a Cabinet Minister who upholds collective Cabinet responsibility.[162]

157 Oral evidence taken on 29 October 2025, Q25, [David Babbington]
158 Letter from the Chair to the Secretaries of State for Housing, Communities and Local, and Northern Ireland, regarding the Local Growth Fund, 29 October 2025
159 Letter from the Secretary of State to the Chair regarding the Local Growth Fund, 21 January 2026; Letter from the Secretary of State to the Chair regarding the Local Growth Fund, 17 February 2026
160 Letter from the Secretary of State to the Chair regarding the Local Growth Fund, 17 February 2026; Oral evidence taken on 4 March 2026, Qq154–159, [Secretary of State, Minister Patrick]; Department of Finance £400 million reserve claim allocation agreed, 11 February 2026; Special EU Programmes Body, Change Maker Funding Programme
161 Oral evidence taken on 4 March 2026, Q154
162 Oral evidence taken on 19 November 2024 Q9

On 4 March this year the Secretary of State, again referring to his role in Government, added:

> I must be frank with the Committee: the 70:30 split is not going to change. As you would expect, as Ministers representing the interests of Northern Ireland, we have done our job. It is not going to change.[163]

The Under-Secretary of State, Matt Patrick MP, added that the Government "believe[s] that there is a real opportunity to use the capital money to drive local growth, which is what the fund is there to do".[164]

71. We are aware that Wales has a similar challenge with the level of capital funding under its Local Growth Fund allocation, and that the Wales Office has expressed its concern about this.[165]

72. **CONCLUSION**

Tackling economic inactivity is one of the keys to economic growth. In Northern Ireland, this has been carried out largely by the community and voluntary sector using revenue funding. Under the forthcoming Local Growth Fund, the proportion of revenue funding will be severely curtailed due to a new 70–30 capital-revenue split. In our correspondence with the Government and in oral evidence from the NIO, we have not been given a justifiable reason for this new arrangement. We are concerned about the knock-on effect this will have on NI's justice, social services and health systems. We are frustrated by the Government's lack of movement on this issue, and believe the NIO has a duty to advocate better for organisations delivering economic activity programmes in NI. We are disappointed at the way the sector has been treated and the position in which organisations and recipients have been placed. This makes us question the effectiveness of the NIO in voicing the concerns of Northern Ireland in Whitehall.

73. **RECOMMENDATION**

The Government should urgently reverse the capital-revenue split of the new Local Growth Fund in Northern Ireland. Failing this, the NIO should work with the Ministry of Housing, Communities and Local Government, HM Treasury and the NI Executive urgently to identify alternative and comparable sums of money for economic inactivity programming, such as through PEACEPLUS, and ensure the application process is expedited and streamlined.

163 Oral evidence taken on 4 March 2026, Q158
164 Oral evidence taken on 4 March 2026, Q155
165 Oral evidence taken by the Welsh Affairs Committee on 11 February 2026, Qq.68–70

Conclusions and recommendations

Growth strategies

1. The UK Government's Industrial Strategy identifies eight sectors that will drive growth, and these map well on to Northern Ireland's sectoral strengths, as well as the Northern Ireland Department for the Economy's sectoral plans. There are, however, a multiplicity of central and devolved government missions and strategies, which fail to provide clarity for businesses on what the overall economic strategy is for Northern Ireland, and how it will be interpreted and delivered. (Conclusion, Paragraph 21)

2. The UK Government and NI Executive need to work together more closely on economic issues, aligning their strategies and co-ordinating their delivery. The NIO should set this out in the "economic vision" referred to in its annual report, and publish this within six months. In this "economic vision", the NIO should include the steps the UK Government plans to take to deliver economic growth in Northern Ireland, and set objectives that are specific, measurable, achievable, relevant and time-bound (SMART). To that end, the NIO should note (in numbers) the additional economic growth, employment and productivity it expects this economic vision to provide. (Recommendation, Paragraph 22)

3. There should be a Northern Ireland representative on the Industrial Strategy Advisory Council, to ensure the voice of Northern Ireland's business community can feed into policy development and ensure that the Strategy appropriately supports economic growth in Northern Ireland. (Recommendation, Paragraph 23)

Support for SMEs

4. SMEs are the dominant business structure in Northern Ireland. If they are to innovate, take risks and build economic growth in NI, they need specific support, particularly in navigating dual market access to the EU and UK internal markets. Currently, the multiple bodies providing support in different areas may be confusing matters rather than helping. We welcome the Government's commitment to establish the one stop shop

recommended in the Murphy Review, but there should be a mechanism that is wider in scope, creating a central hub for business support. (Conclusion, Paragraph 33)

5. The Government should establish a completely overarching one-stop shop for NI SMEs trading in goods and services. This facility should bring together support on accessing innovation funding, trading East-West, North-South and more widely in the EU, as well as wider business support to enable businesses to invest and grow. The Government must clarify when in the next financial year this one stop shop will be open for business. (Recommendation, Paragraph 34)

6. Intertrade UK has the potential to be a key source of advice and solutions for the UK Government, but its Board membership needs to be broader to ensure that the east-west trade challenges faced by GB-based businesses are considered. It has taken longer than necessary for the Government to establish Intertrade UK. We expect more agility now it is funded and its work programme is in place. We plan to engage with it and may suggest pieces of work for it to undertake. (Conclusion, Paragraph 39)

7. The Secretary of State should appoint a GB representative to the Board of Intertrade UK. (Recommendation, Paragraph 40)

Unlocking economic growth

8. We have received no evidence to date that the Executive has a thought through or deliverable plan to address and reform the deficits in planning policy and processes. (Conclusion, Paragraph 55)

9. City and Growth Deals have the potential to support not only sectoral growth, but growth and increased prosperity across the sub-regions of Northern Ireland. To that end, future deals might include local government to a greater extent. While current deals are focused on much-needed capital investment, there remain concerns that a complementary skills element is not in place to ensure that this investment is sustainable. Northern Ireland’s productivity and skills challenges are long-standing and well known, as are its problems with infrastructure, energy and planning. We have ongoing concerns about the Executive’s effective use of the Skills Barometer 2023–2033 and the ability to maximise the opportunities to deliver policies. Given the UK Government’s economic growth mission and the responsibilities of NIO Ministers for supporting economic growth, they cannot be ignored by Whitehall. Without the facilitating infrastructure and connectivity in place, growth will be slower and concentrated in fewer places. (Conclusion, Paragraph 58)

10. Future City and Growth Deals should include greater powers for local government in Northern Ireland. Deals should also include complementary funding strands on both skills and core infrastructure. (Recommendation, Paragraph 59)

11. The 'economic vision' that the NIO is developing, including time-bound objectives as we recommend earlier in this report, should clearly set out how the Government will address the structural weaknesses associated with the largely devolved but unignorable policy areas of skills, energy, planning and infrastructure. It should align with the infrastructure strategy, on which the NIO has been working with the NI Executive. (Recommendation, Paragraph 60)

Local Growth Fund

12. Tackling economic inactivity is one of the keys to economic growth. In Northern Ireland, this has been carried out largely by the community and voluntary sector using revenue funding. Under the forthcoming Local Growth Fund, the proportion of revenue funding will be severely curtailed due to a new 70–30 capital-revenue split. In our correspondence with the Government and in oral evidence from the NIO, we have not been given a justifiable reason for this new arrangement. We are concerned about the knock-on effect this will have on NI's justice, social services and health systems. We are frustrated by the Government's lack of movement on this issue, and believe the NIO has a duty to advocate better for organisations delivering economic activity programmes in NI. We are disappointed at the way the sector has been treated and the position in which organisations and recipients have been placed. This makes us question the effectiveness of the NIO in voicing the concerns of Northern Ireland in Whitehall. (Conclusion, Paragraph 72)

13. The Government should urgently reverse the capital-revenue split of the new Local Growth Fund in Northern Ireland. Failing this, the NIO should work with the Ministry of Housing, Communities and Local Government, HM Treasury and the NI Executive urgently to identify alternative and comparable sums of money for economic inactivity programming, such as through PEACEPLUS, and ensure the application process is expedited and streamlined. (Recommendation, Paragraph 73)

Formal Minutes

Wednesday 18 March 2026

Members present:

Tonia Antoniazzi, in the Chair

Chris Bloore

Claire Hanna

Simon Hoare

Mike Kane

Gavin Robinson

Robin Swann

Economic growth in Northern Ireland: new and emerging sectors

Draft Report (*Economic growth in Northern Ireland: new and emerging sectors*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 73 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Wednesday 25 March 2026 at 9.00am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 19 November 2025

David Quinn, Executive Director for the Belfast Region City Deal, Queen's University Belfast; **Robert Hill**, Chair, Matrix Panel; **Professor Paul Bartholomew**, Vice Chancellor, Ulster University; **Stuart Anderson**, Director of Public Affairs & International Relations, Northern Ireland Chamber of Commerce and Industry Q1–35

Wednesday 7 January 2026

Steven Norris, Deputy Director of Regeneration and Infrastructure, Antrim and Newtownabbey Borough Council; **Councillor Tim McClelland** – Northern Ireland Local Government Association (NILGA); **Alison McCullagh**, Chief Executive, Fermanagh and Omagh District Council Q36–65

Wednesday 4 February 2026

The Rt Hon. the Baroness Foster of Aghadrumsee DBE, Chair, Intertrade UK Q66–98

Colin McCabrey, Director of Trade, InterTradeIreland Q99–123

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

EGNI numbers are generated by the evidence processing system and so may not be complete.

1	ADS Group	EGNI0007
2	Antrim and Newtownabbey Borough Council	EGNI0018
3	Belfast City Airport	EGNI0012
4	Belfast Region City Deal – Programme Management Office	EGNI0009
5	Build Homes NI	EGNI0014
6	Chartered Accountants Ireland	EGNI0006
7	Confederation of British Industry NI	EGNI0020
8	Dalradian	EGNI0024
9	Department for the Economy – Northern Ireland Executive	EGNI0026
10	Encirc	EGNI0013
11	Foyle Port	EGNI0016
12	Indaver (NI) Limited	EGNI0017
13	Innovation City Belfast Partnership	EGNI0021
14	InterTradeIreland	EGNI0028
15	Lisburn & Castlereagh City Council	EGNI0003
16	Makers Alliance	EGNI0011
17	Matrix – The Northern Ireland Science Industry Panel	EGNI0027
18	Microsoft NI	EGNI0025
19	Northern Ireland Chamber of Commerce and Industry	EGNI0023
20	Queen’s Univeristy Belfast	EGNI0015
21	SOLACE NI; and NILGA	EGNI0008
22	Seagate Technology	EGNI0005
23	Society of Independent Brewers and Associates (SIBA)	EGNI0002

24	The King's Trust NI; YouthAction NI; Springboard Opportunities Limited; Include Youth; The Bytes Project; and NI Youth Forum	EGNI0010
25	Ulster University	EGNI0022
26	Umar, Dr Tariq (Senior Lecturer, University of the West of England, UK)	EGNI0001
27	techUK	EGNI0019

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

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Number	Title	Reference
3rd	Operation Kenova: naming Stakeknife	HC 1580
2nd	The Government's new approach to addressing the legacy of the past in Northern Ireland	HC 586
1st	Funding and delivery of public services: follow up	HC 477
3rd Special	The Government's new approach to addressing the legacy of the past in Northern Ireland: Government Response	HC 1716
2nd Special	Funding and delivery of public services: follow up: Government Response	HC 1096
1st Special	The Funding and Delivery of Public Services in Northern Ireland: Government Response	HC 413